

**NAPOLEON TOWNSHIP**  
JACKSON COUNTY, MICHIGAN

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2004

**NAPOLEON TOWNSHIP  
ANNUAL FINANCIAL REPORT**

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# MARKOWSKI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
2880 SPRING ARBOR ROAD  
JACKSON, MICHIGAN 49203  
PHONE (517) 782-9351  
FAX (517) 782-0599

K. LAVERNE MARKOWSKI, C.P.A.  
RONALD L. MARKOWSKI, C.P.A.  
DOUGLAS E. ATKINS, C.P.A.

**MEMBERS:**  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
MICHIGAN ASSOCIATION OF  
CERTIFIED PUBLIC ACCOUNTANTS  
ESTATE PLANNING COUNCIL  
OF SOUTH CENTRAL MICHIGAN

## INDEPENDENT AUDITOR'S REPORT

Napoleon Township Board  
Napoleon, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of Napoleon Township, Michigan, (the "Township") as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

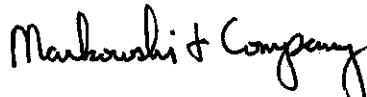
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township at June 30, 2004, and the respective changes in financial position and cash flows, where applicable, of those activities and funds and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 15, the Township adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Nos. 34, 37 and 38 and GASB Interpretation No. 6 as of and for the year ended June 30, 2004. This results in a change in the format and content of the basic financial statements.

Management's Discussion and Analysis on pages 3-8 is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the information and express no opinion on it.

Independent Auditor's Report  
Page Two  
Napoleon Township Board  
Napoleon, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual fund statements and schedules described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



MARKOWSKI & COMPANY CPAs  
December 17, 2004

**NAPOLEON TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**



# **NAPOLEON TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

## **Napoleon Township as a Whole**

Because this is the first year of reporting under Government Accounting Standards Board (GASB) Statement No. 34, the financial analysis does not include a comparison to prior year results. In future reports, when prior year information is readily available, a comparative analysis of the financial data will be presented.

The Township's combined net assets decreased by \$32,632, or 0.4%, during the year ended June 30, 2004. Looking at governmental activities separately from the business-type activities, we see that net assets actually increased by 9.2%, or \$115,192. A large portion of this increase was in the debt service fund. This fund accounts for the special millage approved to finance the retirement of the Municipal Building construction bonds. In an effort to levy an even millage over the life of the bonds, a reserve is being accumulated in the early years. This will offset increased debt service requirements in later years of the bonds without increasing the burden on Township taxpayers.

Business-type activities report a decrease in net assets of \$147,824 this year. Much of this decrease results from interest costs on capital leases, which are financed with special assessments levied on property owners. The revenue from special assessments was recognized in their initial year, while the debt service costs are recognized over the twenty year life of the leases. Operating results for the sewer funds are greatly improved because of a large increase in the number of users connected to the system. Sewer District #1, serving the village area of the Township, saw users increase from 51 residential equivalent units (REUs) at June 30, 2003 to 334 at June 30, 2004. Sewer District #2, serving the Wolf Lake/Olcott Lake area of the township increased from 174 REUs at June 30, 2003 to 456 REUs this year.

**NAPOLEON TOWNSHIP**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Napoleon Township as a Whole (Continued)**

In a condensed format, the following table shows net assets as of June 30, 2004:

	The Year Ended June 30, 2004		
	Governmental Activities	Business-Type Activities	Total
Current assets	\$ 1,318,609	\$ 888,039	\$ 2,206,648
Noncurrent assets	3,271,085	11,068,589	14,339,674
Total assets	4,589,694	11,956,628	16,546,322
Long-term debt	3,133,333	4,387,755	7,521,088
Other liabilities	83,556	109,872	193,428
Total liabilities	3,216,889	4,497,627	7,714,516
Net Assets:			
Invested in capital assets - net of debt	59,684	7,231,344	7,291,028
Restricted	6,375	-	6,375
Unrestricted (Deficit)	1,306,746	227,657	1,534,403
Total net assets	\$ 1,372,805	\$ 7,459,001	\$ 8,831,806

# NAPOLEON TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

## Napoleon Township as a Whole (Continued)

	Governmental Activities	Business-Type Activities	Total
Program Revenues:			
Charges for Service	\$ 230,948	\$ 302,628	\$ 533,576
Operating Grants and Contributions	14,478	-	14,478
Capital Grants and Contributions	18,699	87,495	106,194
General Revenues:			
Property Taxes	474,713	-	474,713
State Shared Revenue	471,199	-	471,199
Interest and Rentals	19,304	224,450	243,754
Franchise Fees	23,531	-	23,531
Gain on Sale of Assets	120,643	-	120,643
Other	32,892	-	32,892
Total Revenues	<u>1,406,407</u>	<u>614,573</u>	<u>2,020,980</u>
Program Expenses:			
Legislative	59,041	-	59,041
General Government	393,725	-	393,725
Public Safety	585,209	-	585,209
Community Planning	29,522	-	29,522
Public Works	27,704	-	27,704
Cultural and Recreational	3,797	-	3,797
Other Functions	17,823	-	17,823
Interest on Debt	174,394	-	174,394
Sewer and Water	-	762,397	762,397
Total expenses	<u>1,291,215</u>	<u>762,397</u>	<u>2,053,612</u>
Change in Net Assets	<u>\$ 115,192</u>	<u>\$ (147,824)</u>	<u>\$ (32,632)</u>

The Township's net assets continue to remain healthy. Residential construction continues to grow, which increases the Township's tax base. Overall, the Township continues to be in sound financial condition.

### Governmental Activities

Overall, revenues from governmental activities declined during the year ended June 30, 2004. The largest decrease was in state shared revenue, which decreased by \$53,000, or 10%. Careful review of expenses allowed the Township to slightly increase net assets this year, in spite of the bleak revenue picture.

## NAPOLEON TOWNSHIP MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Business-Type Activities**

The Township's business-type activities consist of its Sewer and Water funds. Sewer service is available in three areas of the township – District #1 in the village area, District #2 in the Wolf/Olcott Lake area, and District #9 in the Ackerson Lake area. Separate fund are maintained for each of these districts, as each has a unique cost structure. Rates are reviewed periodically to ensure that the Township is building adequate reserves in these funds.

Water service is provided in the village area (District #1). Construction of this system was financed by a Michigan Department of Environmental Quality grant, providing community water to a contaminated area.

While the business-type net assets decreased this past year, the decrease was less than depreciation charged on assets. As such, the Township is building its cash reserves, with an eye on the long range replacement/rebuilding of systems. All systems, with the exception of Sewer District #9, have been constructed within the past five years. Sewer District #9 was constructed in the late 1970's.

### **The Township's Funds**

The fund financial statements provide a more detailed analysis of the Township's operations, which is focused primarily on the current use of available resources. The Township maintains several funds to help manage money designated for special purposes, as well as to show accountability for certain activities. The Township has two major funds, the General Fund and the Municipal Building Debt Service Fund.

The General Fund pays for most of the governmental services. The most significant are the police and fire protection. The Township spent \$260,100 on Police operations and \$179,035 on Fire operations during the year ended June 30, 2004. Overall, General Fund expenditures increased by \$129,000 this year, in large part due to the \$100,000 spent towards a new rescue/command unit purchased by the Township. Total expenditures in the General Fund were \$948,853 this year.

The revenues of the Township increased by \$50,000 this year, when including the proceeds from the \$100,000 installment purchase agreement used to finance a portion of the fire truck purchase as a revenue source. The State shared revenue declined by \$50,000. Overall, the General Fund increased its fund balance by \$39,000 this year.

The Municipal Building Debt accounts for the special millage levied to retire construction bonds. This fund saw its tax revenues increase by \$24,000, or 10% this year. We are attempting to levy a relatively level millage over the life of the bonds. This fund balance increased \$41,000 during 2004.

**NAPOLEON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**General Fund Budgetary Highlights**

The original budget adopted for the Township's General Fund projected a \$110,748 decrease in fund balance, with the General Fund paying for \$160,000 towards the new fire truck. This budget was adopted in April 2003, prior to the start of the fiscal year. As the year progressed, it became apparent that we would not receive the originally projected amount of state shared revenue. An amended budget was adopted to reflect the changing financial picture.

The final General Fund budget projected \$22,000 less revenue than the original, with a large decrease in state revenue sharing offset by increases in other areas. Budgeted expenditures decreased as the plans for the General Fund paying for the new fire truck were scrapped. Other budgetary amendments were made as needed.

**Capital Asset and Debt Administration**

At the end of the June 30, 2004 fiscal year, the Township had over \$10.4 million invested in its capital assets, net of accumulated depreciation. The largest general asset is the municipal building constructed in 2001. This beautiful facility allowed us to consolidate all significant township operations under one roof (the lone exceptions being Fire Station #2 at Ackerson Lake, the cemetery, and park). Over the past five years, we have also invested heavily in sewer and water systems, improving the quality of life of township residents. A summary of capital assets follows:

	Governmental Activities	Business-Type Activities	Total
	(Net of Accumulated Depreciation)		
Land and improvements	\$ 250,441	\$ 34,450	\$ 284,891
Building and improvements	1,976,082	-	1,976,082
Sewer and Water systems	-	7,196,894	7,196,894
Machinery & equipment	323,443	-	323,443
Vehicles	643,051	-	643,051
	<u>\$ 3,193,017</u>	<u>\$ 7,231,344</u>	<u>\$ 10,424,361</u>

During 2004, we decided to finance \$100,000 of the fire truck using an installment purchase agreement. The interest rate of 2.80% for five years was too attractive to pass on. This was the only new debt issued by the Township during the year. Principal payments of \$56,667 were made during 2004 on governmental debt; an additional \$198,460 principal was paid on the business-type debt.

**NAPOLEON TOWNSHIP  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Economic Factors and Next Year's Budgets and Rates**

The 2004-5 budget adopted by the Board projects a further decline in state shared revenue, although the decrease is expected to be only 2.5% as opposed to the 10.1% reduction experienced in 2003-4. Because we have a strong fund balance, we are projecting no cuts in service. Employee raises have been limited to 2%, and health care costs are projected to increase by \$90,000 to \$100,000 as well. We are able to maintain the level of services in part by limiting capital expenditures, and tightening our belts where appropriate. We still expect to use \$39,000 of our fund balance during the upcoming year, which is part of the reason we have built a reserve over the years.

Because of the dramatic growth of users in our sewer and water systems, we expect to maintain rates at the current level for the near future. These rates will be reviewed on a regular basis, as several proposed upgrades to local treatment plants could result in increased costs being passed along to the Township.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show our accountability for the money received. If you have questions about this report, or would like additional information, we welcome you to contact the Township Supervisor at 6755 Brooklyn Rd., Napoleon, MI., 49261.

**NAPOLEON TOWNSHIP**

**BASIC FINANCIAL STATEMENTS**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

**NAPOLEON TOWNSHIP**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

STATEMENT OF NET ASSETS

STATEMENT OF ACTIVITIES



NAPOLEON TOWNSHIP  
GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
JUNE 30, 2004

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 1,118,894	\$ 666,584	\$ 1,785,478
Accounts receivable	3,996	22,901	26,897
Prepaid expenses	28,190	-	28,190
Internal balances	7,436	(7,436)	-
Due from other governments	160,093	-	160,093
Special assessments receivable - Current	-	205,990	205,990
Total current assets	<u>1,318,609</u>	<u>888,039</u>	<u>2,206,648</u>
<b>NONCURRENT ASSETS:</b>			
Capital assets not being depreciated	136,096	34,450	170,546
Capital assets being depreciated, net	3,056,921	7,196,894	10,253,815
Intergovernmental receivable	-	907,792	907,792
Special assessments receivable - Long Term	-	2,929,453	2,929,453
Bond issuance costs	78,068	-	78,068
Total noncurrent assets	<u>3,271,085</u>	<u>11,068,589</u>	<u>14,339,674</u>
Total assets	<u>4,589,694</u>	<u>11,956,628</u>	<u>16,546,322</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	25,922	29,197	55,119
Long -term debt payable - Current portion	120,000	241,825	361,825
Accrued interest payable	27,974	54,604	82,578
Accrued payroll	2,517	-	2,517
Accrued leave payable	27,143	-	27,143
Deferred revenue	-	26,071	26,071
Total current liabilities	<u>203,556</u>	<u>351,697</u>	<u>555,253</u>
<b>NONCURRENT LIABILITIES:</b>			
Long -term debt payable - Net of current portion	3,013,333	4,145,930	7,159,263
Total liabilities	<u>3,216,889</u>	<u>4,497,627</u>	<u>7,714,516</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	59,684	7,231,344	7,291,028
Restricted	6,375	-	6,375
Unrestricted	1,306,746	227,657	1,534,403
Total net assets	<u>\$ 1,372,805</u>	<u>\$ 7,459,001</u>	<u>\$ 8,831,806</u>

The accompanying notes are an integral part of the financial statements.

NAPOLEON TOWNSHIP  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
THE YEAR ENDED JUNE 30, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Legislative	\$ 59,041	\$ -	\$ -	\$ -
General government	393,725	81,061	3,856	-
Public safety	585,209	140,151	6,803	6,000
Community planning	29,522	9,736	-	-
Public works	27,704	-	3,819	-
Recreational and cultural	3,797	-	-	-
Other functions	17,823	-	-	12,699
Interest on long term debt	174,394	-	-	-
Total governmental activities	1,291,215	230,948	14,478	18,699
Business-type activities				
Sewer	653,698	258,647	-	82,003
Water	108,699	43,981	-	5,492
Total business-type activities	762,397	302,628	-	87,495
Total government	\$ 2,053,612	\$ 533,576	\$ 14,478	\$ 106,194

General revenues:

Property taxes

State-shared revenues

Interest and rental income

Franchise fees

Gain on sale of capital assets

Other income

Total general revenues

Change in net assets

Net assets - Beginning

Net assets - Ending

The accompanying notes are an integral part of the financial statements.

Net (Expenses) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (59,041)	\$ -	\$ (59,041)
(308,808)	-	(308,808)
(432,255)	-	(432,255)
(19,786)	-	(19,786)
(23,885)	-	(23,885)
(3,797)	-	(3,797)
(5,124)	-	(5,124)
(174,394)	-	(174,394)
(1,027,090)	-	(1,027,090)
-	(313,048)	(313,048)
-	(59,226)	(59,226)
-	(372,274)	(372,274)
(1,027,090)	(372,274)	(1,399,364)
474,713	-	474,713
471,199	-	471,199
19,304	224,450	243,754
23,531	-	23,531
120,643	-	120,643
32,892	-	32,892
1,142,282	224,450	1,366,732
115,192	(147,824)	(32,632)
1,257,613	7,606,825	8,864,438
\$ 1,372,805	\$ 7,459,001	\$ 8,831,806

**NAPOLEON TOWNSHIP**  
**FUND FINANCIAL STATEMENTS**

GOVERNMENTAL FUND BALANCE SHEET

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -  
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

STATEMENT OF NET ASSETS - FIDUCIARY FUNDS

STATEMENT OF CHANGES IN NET ASSETS - PENSION TRUST FUND

**NAPOLEON TOWNSHIP**  
**GOVERNMENTAL FUND BALANCE SHEET**  
JUNE 30, 2004

	GENERAL FUND	DEBT SERVICE FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 655,488	\$ 134,467	\$ 328,939	\$ 1,118,894
Accounts receivable	-	-	-	-
Prepaid expenses	28,190	-	-	28,190
Due from other funds	19,773	4	500	20,277
Due from other governments	160,093	-	-	160,093
Total assets	863,544	134,471	329,439	1,327,454
<b>LIABILITIES:</b>				
Accounts payable	20,451	-	5,470	25,921
Accrued payroll	2,517	-	-	2,517
Due to other funds	1	-	8,845	8,846
Due to other governments	-	-	-	-
Total liabilities	22,969	-	14,315	37,284
<b>FUND BALANCES:</b>				
Designated	-	-	195,626	195,626
Reserved	29,815	-	4,750	34,565
Unreserved and undesignated	810,760	134,471	114,748	1,059,979
Total fund balances	\$ 840,575	\$ 134,471	\$ 315,124	\$ 1,290,170

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2004

Total fund balance - total governmental funds	\$ 1,290,170
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	
Add - Capital assets	4,266,598
Deduct - Accumulated depreciation	(1,073,581)
The issuance costs of the Township Hall construction bonds were expensed when paid in the governmental fund statements. These costs are capitalized and written off over the life of the bonds in the statement of net assets.	
Add - Bond issuance costs	91,847
Deduct - Accumulated amortization	(13,779)
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(3,133,333)
Interest on long term debt is reported on the accrual basis in the government-wide statements; unpaid interest not due during the current period is not reported on the governmental fund statements.	(27,974)
Accrued leave is not due and payable in the current period and, therefore, is not reported in the governmental funds balance sheet.	<u>(27,143)</u>
Net assets of governmental activities	<u><u>\$ 1,372,805</u></u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	GENERAL FUND	DEBT SERVICE FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
Taxes	\$ 215,402	\$ 259,311	\$ -	\$ 474,713
Licenses and permits	24,102	-	84,626	108,728
Intergovernmental	485,677	-	12,000	497,677
Charges for services	122,784	-	-	122,784
Fines and forfeitures	23,538	-	-	23,538
Interest and rents	14,537	925	3,842	19,304
Other	1,787	-	37,233	39,020
Total revenues	887,827	260,236	137,701	1,285,764
<b>EXPENDITURES:</b>				
Current:				
Legislative	59,041	-	-	59,041
General government	285,674	-	-	285,674
Public safety	439,135	-	87,477	526,612
Community planning and development	29,522	-	-	29,522
Public works	2,900	-	24,804	27,704
Recreational and cultural	1,519	-	890	2,409
Other functions	-	-	-	-
Capital outlay	123,485	-	156,758	280,243
Debt service	7,577	219,111	-	226,688
Total expenditures	948,853	219,111	269,929	1,437,893
<b>EXCESS (DEFICIENCY) OF REVENUES</b>				
REVENUES OVER EXPENDITURES	(61,026)	41,125	(132,228)	(152,129)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfer in	-	20	-	20
Operating transfer (out)	-	-	(20)	(20)
Proceeds from long term debt	100,000	-	-	100,000
Proceeds from sale of capital assets	-	-	120,643	120,643
Total other financing sources (uses)	100,000	20	120,623	220,643
<b>NET CHANGES IN FUND BALANCES</b>	38,974	41,145	(11,605)	68,514
<b>FUND BALANCE - Beginning</b>	801,601	93,326	326,729	1,221,656
<b>FUND BALANCE - End of year</b>	\$ 840,575	\$ 134,471	\$ 315,124	\$ 1,290,170

The notes to the financial statements are an integral part of this statement.

NAPOLEON TOWNSHIP  
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 TO THE STATEMENT OF ACTIVITIES  
 THE YEAR ENDED JUNE 30, 2004

Net change in fund balances - total governmental funds	\$ 68,514
Amounts reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlay as expenditures. However, in the government wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets purchased in the current period.	257,843
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(162,917)
Earned leave expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.	(533)
Proceeds from long-term debt are reported as revenue in the governmental fund financial statements; the long term debt is reported as a liability in the government-wide statements.	(100,000)
Costs related to the issuance of the Township Hall construction bonds were expensed when paid in the governmental fund financial statements. These costs are capitalized and written off over the life of the bonds in the government-wide statements.	(4,593)
Interest on long term debt is reported as an expenditure when paid; the government-wide statements accrue the interest payable between the scheduled payments. The current year change in accrued interest payable is	220
The payments of long term debt consumes the current financial resources of governmental funds, and is reported as an expenditure. These payments reduce the liability on the government-wide financial statements.	56,667
Change in net assets of governmental activities	<u>\$ 115,201</u>

The notes to the financial statements are an integral part of this statement.



**NAPOLEON TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2004**

	SEWER FUNDS		
	SEWER #1	SEWER #2	SEWER #9
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 369,583	\$ 60,877	\$ 182,424
Accounts receivable	6,746	5,270	4,958
Special assessments receivable - Current	58,172	146,900	-
Due from other funds	630	-	-
Total current assets	435,131	213,047	187,382
<b>NONCURRENT ASSETS:</b>			
Capital assets not being depreciated	-	-	-
Capital assets being depreciated, net	1,272,530	3,800,827	583,976
Intergovernmental receivable	-	907,792	-
Special assessments receivable - Long Term	817,431	2,109,266	-
Total noncurrent assets	2,089,961	6,817,885	583,976
Total assets	2,525,092	7,030,932	771,358
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	12,566	8,331	7,702
Capital lease payable - Current portion	50,000	191,825	-
Accrued interest payable	8,302	46,302	-
Due to other funds	1,869	2,701	1,994
Deferred revenue	7,810	8,778	6,851
Total current liabilities	80,547	257,937	16,547
<b>NONCURRENT LIABILITIES:</b>			
Capital lease payable - Long term portion	1,000,000	3,145,930	-
Total noncurrent liabilities	1,000,000	3,145,930	-
Total liabilities	1,080,547	3,403,867	16,547
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,272,530	3,800,827	583,976
Unrestricted	172,015	(173,762)	170,835
Total net assets	\$ 1,444,545	\$ 3,627,065	\$ 754,811

The notes to the financial statements are an integral part of this statement.

SEWER		
TOTAL	WATER #1	TOTAL
\$ 612,884	\$ 53,700	\$ 666,584
16,974	5,297	22,271
205,072	918	205,990
630	-	630
835,560	59,915	895,475
-	34,450	34,450
5,657,333	1,539,561	7,196,894
907,792	-	907,792
2,926,697	2,756	2,929,453
9,491,822	1,576,767	11,068,589
10,327,382	1,636,682	11,964,064
28,599	598	29,197
241,825	-	241,825
54,604	-	54,604
6,564	872	7,436
23,439	2,632	26,071
355,031	4,102	359,133
4,145,930	-	4,145,930
4,145,930	-	4,145,930
4,500,961	4,102	4,505,063
5,657,333	1,574,011	7,231,344
169,088	58,569	227,657
\$ 5,826,421	\$ 1,632,580	\$ 7,459,001

**NAPOLEON TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**THE YEAR ENDED JUNE 30, 2004**

	SEWER FUNDS		
	SEWER #1	SEWER #2	SEWER #9
<b>OPERATING REVENUES:</b>			
Charges for services:			
Connection fees	\$ 25,664	\$ 56,339	\$ -
Usage - Flat rate	84,392	85,566	82,023
Usage - Metered	-	-	-
Total charges for services	110,056	141,905	82,023
Other:			
Penalties	2,318	563	1,503
Miscellaneous	2,282	-	-
Total other revenue	4,600	563	1,503
Total operating revenues	114,656	142,468	83,526
<b>OPERATING EXPENSES:</b>			
Operating supplies	84	58	-
Administrative and legal	16,096	20,884	11,952
Printing and publications	34	34	31
Insurance and bonds	614	2,898	236
Utilities	987	1,349	1,717
Treatment/transportation fees	51,575	53,265	26,967
Connections	9,164	8,183	-
Repairs and maintenance	24,014	3,389	17,838
Depreciation	34,407	100,022	27,911
Miscellaneous	522	408	182
Total operating expenses	137,497	190,490	86,834
<b>OPERATING INCOME (LOSS)</b>	<b>(22,841)</b>	<b>(48,022)</b>	<b>(3,308)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest income	60,236	162,221	1,504
Interest expenses	(51,254)	(187,317)	(306)
Net nonoperating revenues (expenses)	8,982	(25,096)	1,198
<b>NET INCOME (LOSS)</b>	<b>(13,859)</b>	<b>(73,118)</b>	<b>(2,110)</b>
<b>NET ASSETS - Beginning of year</b>	<b>1,458,404</b>	<b>3,700,183</b>	<b>756,921</b>
<b>NET ASSETS - End of year</b>	<b>\$ 1,444,545</b>	<b>\$ 3,627,065</b>	<b>\$ 754,811</b>

The notes to the financial statements are an integral part of this statement.

SEWER		
TOTAL	WATER #1	TOTALS
\$ 82,003	\$ 5,492	\$ 87,495
251,981	30,624	282,605
-	-	-
333,984	36,116	370,100
4,384	75	4,459
2,282	13,282	15,564
6,666	13,357	20,023
340,650	49,473	390,123
142	1,896	2,038
48,932	6,014	54,946
99	418	517
3,748	552	4,300
4,053	2,680	6,733
131,807	-	131,807
17,347	-	17,347
45,241	61,205	106,446
162,340	35,843	198,183
1,112	91	1,203
414,821	108,699	523,520
(74,171)	(59,226)	(133,397)
223,961	489	224,450
(238,877)	-	(238,877)
(14,916)	489	(14,427)
(89,087)	(58,737)	(147,824)
5,915,508	1,691,317	7,606,825
\$ 5,826,421	\$ 1,632,580	\$ 7,459,001

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	SEWER FUNDS		
	SEWER #1	SEWER #2	SEWER #9
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 112,783	\$ 143,322	\$ 85,065
Cash payments for goods and services	(96,410)	(85,181)	(54,781)
Net cash from operating activities	16,373	58,141	30,284
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Intergovernmental receivable	-	(104,583)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Special assessment installments collected	138,189	402,532	-
Principal payments	(25,000)	(153,460)	(20,000)
Interest payments	(51,537)	(189,427)	(556)
Purchases of capital assets	-	-	-
Net cash from capital and related financing activities	61,652	59,645	(20,556)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Receipt of interest	4,078	549	1,504
Proceeds from investments	-	-	-
Purchase of investments	-	-	-
Net cash from investing activities	4,078	549	1,504
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	82,103	13,752	11,232
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	287,480	47,125	171,192
<b>CASH AND CASH EQUIVALENTS - End of year</b>	\$ 369,583	\$ 60,877	\$ 182,424

The notes to the financial statements are an integral part of this statement.

SEWER		
TOTAL	WATER #1	TOTAL
\$ 341,170	\$ 39,883	\$ 381,053
(236,372)	(72,957)	(309,329)
104,798	(33,074)	71,724
(104,583)	-	(104,583)
540,721	(3,674)	537,047
(198,460)	-	(198,460)
(241,520)	-	(241,520)
-	-	-
100,741	(3,674)	97,067
6,131	489	6,620
-	-	-
-	-	-
6,131	489	6,620
107,087	(36,259)	70,828
505,797	89,959	595,756
\$ 612,884	\$ 53,700	\$ 666,584

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS - Continued**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	SEWER FUNDS		
	SEWER #1	SEWER #2	SEWER #9
A reconciliation of income from operations to net cash from operating activities is as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (22,841)	\$ (48,022)	\$ (3,308)
Adjustments to reconcile operating income to net cash from operating activities -			
Depreciation	34,407	100,022	27,911
Changes in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(3,197)	(4,574)	1,507
Due from other funds	(630)	-	-
(Decrease) increase in liabilities:			
Accounts payable	4,811	2,586	2,148
Due to other funds	1,869	2,701	1,994
Due to other governments	1,954	-	-
Deferred revenue	-	5,428	32
Net cash from operating activities	\$ 16,373	\$ 58,141	\$ 30,284

The notes to the financial statements are an integral part of this statement.

<u>SEWER</u>		
<u>TOTAL</u>	<u>WATER #1</u>	<u>TOTAL</u>
\$ (74,171)	\$ (59,226)	\$ (133,397)
162,340	35,843	198,183
(6,264)	(651)	(6,915)
(630)	149	(481)
9,545	(1,122)	8,423
6,564	872	7,436
1,954	-	1,954
5,460	(8,939)	(3,479)
<u>\$ 104,798</u>	<u>\$ (33,074)</u>	<u>\$ 71,724</u>



**NAPOLEON TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2004**

	PENSION FUND	AGENCY FUNDS
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 26,413
Investments - At fair value	1,329,291	-
Due from other funds	-	1
Due from other governments	-	8,157
Total assets	<u>1,329,291</u>	<u>34,571</u>
 <b>LIABILITIES</b>		
Accounts payable	-	130
Due to other funds	-	4,626
Due to others	-	23,559
Due to other governments	-	6,256
Deferred revenue	-	-
Total liabilities	<u>-</u>	<u>\$ 34,571</u>
 <b>NET ASSETS</b>		
Held in trust for pension benefits	<u>\$ 1,329,291</u>	

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**PENSION TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30 2004**

	<u>PENSION TRUST FUND</u>
OPERATING REVENUES:	
Investment income	\$ 152,923
Employee contributions	23,798
Employer contributions	<u>32,420</u>
Total operating revenues	<u>209,141</u>
OPERATING EXPENSES:	
Asset management fees	13,085
Employee withdrawals	<u>4,102</u>
Total operating expenses	<u>17,187</u>
NET INCOME	191,954
FUND BALANCE - Beginnng of year	<u>1,137,337</u>
FUND BALANCE - End of year	<u><u>\$ 1,329,291</u></u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NAPOLEON TOWNSHIP**  
**INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS**

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**NAPOLEON TOWNSHIP**  
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**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

The accounting methods and procedures adopted by Napoleon Township conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Township's general purpose financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. DESCRIPTION OF TOWNSHIP OPERATIONS:**

Napoleon Township was organized in 1833 and is located in the eastern section of Jackson County, Michigan. The Township was organized under the Constitution and Statutes of the State of Michigan and provides services to its approximately 7,000 residents in many areas, including law enforcement, fire protection, water and sewer operations, community enrichment and development, human services, and general administrative services.

**B. REPORTING ENTITY:**

Napoleon Township is a municipal corporation governed by an elected five member board. As required by generally accepted accounting principles, these financial statements present the Township and all entities for which the government is considered financially accountable (component units). Napoleon Township had no component units during the year ended June 30, 2004.

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as a separate column in the fund financial statements.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES: (Continued)**

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. All other revenue items are considered to be available only when cash is received by the government.

The Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Municipal Building Debt Service Fund* accounts for the servicing of general long-term bonds issued to finance construction and equipping a Township administration/police/fire/library complex.

The Township reports the following nonmajor funds:

The *Cemetery Expansion Special Revenue Fund* accounts for resources received from the sale of lots in the Township's Oak Grove Cemetery.

The *Improvement Revolving Special Revenue Fund* accounts for all resources set aside for future capital improvements.

The *Building Code Enforcement Special Revenue Fund* accounts for all activities of the building department. This fund was established to facilitate compliance with Michigan Public Act 245 of 1999, which requires that fees charged bear a reasonable relationship to the costs of operating a building department.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES: (Continued)**

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)**

The *Street Lighting Special Revenue Fund* accounts for the costs of lighting certain portions of the Township, and the special assessments levied upon benefiting property owners to finance these districts.

The *Cemetery Urn Special Revenue Fund* accounts for the fund paid by lot owners restricted to purchasing flowers for display on Memorial Day annually, in perpetuity. The original amount of these funds, \$4,750, may not be spent and is accordingly shown as reserved fund balance in these financial statements; only the interest generated by these funds may be used.

The *Memorial Special Revenue Fund* accounts for donations received by the Township in memory of local residents. These funds are to be spent only on the police or fire departments, per donor instructions.

The *Parks Endowment Special Revenue Fund* accounts for funds donated to the Township to maintain, improve or expand recreational facilities within the Township.

The *Municipal Building Capital Projects Fund* was established to account for the use of bond proceeds to construct, equip, and furnish the Township's municipal facility.

The Township reports the following major proprietary funds:

The Sewer and Water Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

The Township also reports the following fund types:

The *Pension Trust Fund* accounts for the activity of the Township's defined contribution retirement plan, which accumulates resources for retirement benefit payments to qualified Township employees.

The *Agency Funds – Trust and Agency* and *Current Tax Funds* – account for assets held for other governments and individuals in an agency capacity.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards issued by the GASB. The Township has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.



**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES: (Continued)**

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's sewer and water function and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes levied by the Township.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Township's proprietary funds relates to charges to customers for services provided. The Sewer and Water Funds also recognize the portion of tap on fees intended to recover current costs (e.g. the labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as capital grants and contributions. Operating costs for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is generally the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. ASSETS, LIABILITIES, AND NET ASSETS/EQUITY**

**1. DEPOSITS AND INVESTMENTS**

The Township reports cash on hand, demand deposit bank accounts, short term investments with an original maturity of three months or less from the date of acquisition as *cash and cash equivalents*. Financial instruments not meeting these criteria are reported as *investments*. The Township reports investments at their fair value.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES:** (Continued)

**E. ASSETS, LIABILITIES, AND NET ASSETS/EQUITY**

**2. RECEIVABLES AND PAYABLES**

In general, outstanding balances between funds are reported as “due to/from other funds”. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as “advances to/from other funds”. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

The Township has not established a reserve for uncollectible accounts based on its past experience.

**3. PREPAID EXPENSES**

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid expenses in both government-wide and fund financial statements.

**4. CAPITAL ASSETS**

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by Township policy as assets with an individual cost or value of \$3,000 or more when acquired and a useful three years or more. Purchased assets are recorded at their actual costs. Donated capital assets are reported at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

Capital assets are depreciated using the straight-line method over the following useful lives:

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:(Continued)**

**E. ASSETS, LIABILITIES, AND NET ASSETS/EQUITY (Continued)**

**4. CAPITAL ASSETS (Continued)**

<u>Assets</u>	<u>Years</u>
Land and Improvements	10-20
Building and Improvements	10-40
Sewer and Water Systems	10-50
Machinery and equipment	5-20
Office Equipment	5
Vehicles	5-20

Depreciation is allocated to the appropriate function in the government-wide financial statements. Assets such as the municipal building, which is a multi-function facility, are allocated to the general government function.

**5. ACCRUED LEAVE PAYABLE:**

The Township policy is to accrue unused sick pay for all employees. However, at the end of the fiscal year, all accumulated sick leave is paid to the employees at half their regular rate of pay. Any unused vacation pay at the fiscal year end is forfeited by the employees. At the time the current policy was adopted, all employees with accumulated sick time were allowed to bank it. Such time may be used to supplement the annual allowance, or upon termination be paid to the employee at one-half the current rate of pay. A liability for this bank has been established in the government-wide financial statements.

**6. DEFERRED REVENUE:**

Deferred revenue is reported in the proprietary funds to reflect the fact that fourth quarter utility billings include the month of July, which is part of the next fiscal year.

**7. LONG-TERM OBLIGATIONS**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other obligations are reported as liabilities in the appropriate governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. These costs are reported net of accumulated amortization as bond issuance costs.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**E. ASSETS, LIABILITIES, AND NET ASSETS/EQUITY (Continued)**

**7. LONG-TERM OBLIGATIONS (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, as expenditures during the period incurred. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are recognized as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**8. FUND EQUITY**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation (e.g. prepaid expenses) or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**9. COMPARATIVE DATA**

Comparative data for the prior year has been presented in the individual fund financial statements included in the accompanying additional information in order to facilitate analysis of the fund's financial position and results of operations. This information was taken from the audited financial statements for the year ended June 30, 2003.

**10. ESTIMATES:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**A. BUDGETARY INFORMATION:**

Formal budgetary integration is employed as a management control device during the year for the General Fund and all Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts included in the financial statements are as originally adopted, and the final amended budget adopted by the Township Board. Budget amendments may be adopted by a simple majority vote of the Board at any open meeting of the Board. All appropriations lapse at the end of the fiscal year.

**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS:**

Public Act #621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. In the body of the financial statements, the Township's actual and budgeted expenditures for the budgetary funds (General Operating and Special Revenue Funds) have been shown on a functional basis. The approved budgets of the Township for these funds were adopted to the departmental level. For the year ended June 30, 2004, the Township incurred expenditures in the budgetary funds which were in excess of the amounts budgeted as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>General Fund:</b>			
General Government - Elections	\$ 2,805	\$ 2,816	\$ (11)
Community Planning and Development	25,831	29,522	(3,691)
Capital Outlay	29,376	123,485	(94,109)
Debt Service	-	7,577	(7,577)
<b>Improvement Revolving Fund:</b>			
Capital Outlay	-	94,929	(94,929)
<b>Building Code Enforcement Fund</b>	86,100	87,477	(1,377)
<b>Parks Endowment Fund</b>	-	890	(890)

**NOTE 3 - DEPOSITS AND INVESTMENTS:**

Michigan Compiled Laws, Section 129.91 authorizes the local government unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 3 - DEPOSITS AND INVESTMENTS: (Continued)**

The Township is allowed to invest in bonds, securities, and other direct obligations of the United States or and agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications and which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township maintains all of its checking and pooled investment accounts with three financial institutions. As a result, the balance in Township accounts which cumulatively exceeds \$100,000 in each institution is not covered by FDIC insurance. The Township believes that it is impractical to insure all bank deposits due to the dollar amounts of Township cash and the limitations of FDIC insurance. The Township evaluates each financial institution with which it deposits government funds and assesses the level of risk; only those institutions with an acceptable level of risk are used as depositories.

Cash and cash equivalents of the Township can be categorized as follows:

	Carrying Amount	Bank Balance
Cash on hand	\$ 100	\$ -
Insured (FDIC)	219,934	219,976
Uninsured and uncollateralized	1,591,857	1,636,984
	<u>\$ 1,811,891</u>	<u>\$ 1,856,960</u>
Reported in financial statements:		
Governmental Funds	\$ 1,118,894	
Proprietary Funds (Business-type)	666,584	
Fiduciary Funds	26,413	
	<u>\$ 1,811,891</u>	

The Township has invested cash in excess of current requirements in governmental pooled investment funds, and certificates of deposit which is allowable under State Law. Investments of the Pension Trust Fund have been placed with an insurance company authorized to do business in Michigan, as allowed under State Law.

Investments of the Pension Trust Fund have not been categorized for disclosure purposes.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES:**

The amount of interfund receivables and payables at June 30, 2004 are as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
General Fund	\$ 19,773	Cemetery Expansion Fund	\$ 225
		Building Code Emforcement	8,620
		Sewer District #1 Fund	1,869
		Sewer District #2 Fund	2,701
		Sewer District #9 Fund	1,994
		Water District #1 Fund	872
		Current Tax Fiduciary Fund	3,492
	<u>19,773</u>		<u>19,773</u>
Street Lighting Fund	<u>500</u>	Current Tax Fiduciary Fund	<u>500</u>
Debt Service Fund	<u>4</u>	Current Tax Fiduciary Fund	<u>4</u>
Sewer District #1 Fund	<u>630</u>	Current Tax Fiduciary Fund	<u>630</u>
Trust and Agency Fund	<u>1</u>	General Fund	<u>1</u>
	<u>\$ 20,908</u>		<u>\$ 20,908</u>

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year is summarized below:

Asset Category	Balance 6/30/03	Additions	Disposals	Balance 6/30/04
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 136,096	\$ -	\$ -	\$ 136,096
Capital assets, being depreciated:				
Land improvements	160,526	-	(25,159)	135,367
Building and improvements	2,222,057	-	(39,437)	2,182,620
Machinery and equipment	509,384	19,439	-	528,823
Office equipment	224,536	1,495	-	226,031
Vehicles	820,761	236,900	-	1,057,661
Total capital assets being depreciated	<u>3,937,264</u>	<u>257,834</u>	<u>(64,596)</u>	<u>4,130,502</u>

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5 – CAPITAL ASSETS: (Continued)**

Asset Category	Balance 6/30/03	Additions	Disposals	Balance 6/30/04
<b>Governmental Activities: (Continued)</b>				
Less - Accumulated Depreciation:				
Land improvements	\$ (38,374)	\$ (7,807)	\$ 25,159	\$ (21,022)
Building and improvements	(178,543)	(67,432)	39,437	(206,538)
Machinery and equipment	(333,189)	(30,253)	-	(363,442)
Office equipment	(50,668)	(17,301)	-	(67,969)
Vehicles	(374,486)	(40,124)	-	(414,610)
Total accumulated depreciation	(975,260)	(162,917)	64,596	(1,073,581)
Total capital assets being depreciated, net	2,962,004	94,917	-	3,056,921
Capital assets, net	\$ 3,098,100	\$ 94,917	\$ -	\$ 3,193,017
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 34,450	\$ -	\$ -	\$ 34,450
Capital assets, being depreciated:				
Sewer and Water Systems	8,589,538	-	-	8,589,538
Less - Accumulated Depreciation:	(1,194,461)	(198,183)	-	(1,392,644)
Total capital assets being depreciated, net	7,395,077	(198,183)	-	7,196,894
Capital assets, net	\$ 7,429,527	\$ (198,183)	\$ -	\$ 7,231,344

Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities:</b>	
General Government	\$ 108,051
Public Safety	53,478
Recreational and Cultural	1,388
<b>Total depreciation expense, governmental activities</b>	<u>\$ 162,917</u>
<b>Business-Type Activities:</b>	
Sewer	\$ 162,340
Water	35,843
<b>Total depreciation expense, business-type activities</b>	<u>\$ 198,183</u>



**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 6 – INTERGOVERNMENTAL RECEIVABLE:**

Under the terms of contracts, the Township sends all of its assessment collections from Sewer District #2 directly to the County. The Township retains ultimate responsibility for the debt to be retired by the assessments. These deposits are accounted for by the County in an account segregated for the retirement of the Wolf Lake Section construction bonds.

**NOTE 7 - SPECIAL ASSESSMENTS RECEIVABLE:**

The Township allowed residents within the special assessment districts the option of paying over a twenty year period. Interest is charged at 1% over the average bond rate. No allowance for uncollectible accounts has been established as the assessments create a first lien against the assessed property. Past experience has indicated that the receivable will be completely collected.

**NOTE 8 - LONG-TERM DEBT:**

The Township issued bonds to provide for the acquisition and construction of its municipal building. These bonds are general obligation unlimited tax bonds, and pledge the full faith and credit of the Township. Installment purchase agreements used to finance a portion of a fire/rescue apparatus is also a general obligation of the Township.

The Township also financed the construction of sewer and water system assets through contractual agreements with Jackson County, Michigan. These agreements required the Township to pledge revenues generated by its sewer and water systems for repayment of the debt. Special assessments have been levied to provide the Township with the necessary cash flow to service these agreements.

Further detail of Township debt obligations follows:

**A. GOVERNMENTAL ACTIVITIES LONG-TERM DEBT:**

**General Obligation Bonds**

In November 1999, township residents approved the issuance of general obligation unlimited tax bonds not to exceed \$3,215,000 to construct, equip, and furnish a fire, police and township facility and purchase one fire truck.

Bonds totaling \$3,215,000 dated September 1, 2000 were sold in September 2000. Principal payments are required annually, with semi-annual interest payments at rates ranging from 4.00% to 7.00%. The Township levies a special millage to retire these bonds.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 - LONG-TERM DEBT: (Continued)

A. GOVERNMENTAL ACTIVITIES LONG-TERM DEBT: (Continued)

**Installment Purchase Agreement**

During 2004, the Township entered into an installment purchase agreement with the manufacturer of fire apparatus. The Township financed \$100,000 of the purchase of its fire/rescue apparatus. The terms of the agreement call for fixed monthly principal payments of \$1,667 for sixty months, with interest on the unpaid balance at 2.80%. The Township intends to finance this debt with future state revenue sharing payments.

B. BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT:

**Capital Leases Payable**

The Township has financed the construction of sewer disposal facilities through the County of Jackson under lease obligations. The County has issued bonds and supervised the construction of the facilities. The Township leases the facilities, with payments due semi-annually in amounts necessary to cover the County's debt service requirements on the underlying bonds.

Currently, there are three such agreements which in place. The first, agreed to in 1975, was for construction of the Ackerson Lake area facilities referred to as Sewer District #9. Under the terms of this agreement, the Township makes annual principal payments, with semi-annual interest payments at rates ranging from 7.45% to 7.50%. The Township finances the repayment through quarterly billings to the system's users.

The second agreement, signed in June 2000, is for the construction of sewer disposal facilities in the unincorporated village area of the Township. Bonds totaling \$1,125,000 were sold by the County in July 2001. The debt was recognized by the Township upon the signing of the final agreement with the County, with a \$1,125,000 capital asset established at that time. Annual principal payments are required, along with semi-annual interest payments at rates ranging 3.80% to 6.75%. The Township will finance repayment of the lease through a special assessment (see Note 7).

The third agreement covers the Wolf Lake section sewer project accounted for as Sewer #2. This project encompasses parts of two townships. Napoleon Township is responsible for 76.73% of the total construction bonds issued by the County. This total, \$3,759,770, has been recognized, along with a corresponding sewer line asset. The Township will finance repayment of the lease through a special assessment (see Note 7).

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8 - LONG-TERM DEBT: (Continued)**

The following is a summary of the Township's general long-term debt transactions for the year ended June 30, 2004:

<u>Capital Lease Payable</u>	<u>Balance 6/30/02</u>	<u>New Issues</u>	<u>Payments</u>	<u>Balance 6/30/03</u>
<b>Governmental Activities Long-Term Debt:</b>				
General Obligation Bonds:				
1999 Municipal Building	\$ 3,090,000	\$ -	\$ (50,000)	\$ 3,040,000
Installment Purchase Agreement:				
2004 Fire Truck Purchase	-	100,000	(6,667)	93,333
Total governmental activities	\$ 3,090,000	\$ 100,000	\$ (56,667)	\$ 3,133,333

**Business-Type Long-Term Debt:**

Capital Leases Payable:

Sewer District #1	\$ 1,075,000	\$ -	\$ (25,000)	\$ 1,050,000
Sewer District #2	3,491,215	-	(153,460)	3,337,755
Sewer District #9	20,000	-	(20,000)	-
Total business-type activities	\$ 4,586,215	\$ -	\$ (198,460)	\$ 4,387,755

Presented below is a summary of debt service requirements to maturity by years:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 120,000	\$ 169,070	\$ 241,825	\$ 229,840
2006	135,000	161,509	241,825	216,059
2007	145,000	152,900	241,825	202,494
2008	170,000	143,589	241,825	190,043
2009	163,333	132,553	241,825	177,397
2010-2014	900,000	499,712	1,385,855	682,545
2015-2019	1,175,000	230,362	1,487,585	300,568
2020-2021	325,000	13,000	305,190	10,310
	\$ 3,133,333	\$ 1,502,695	\$ 4,387,755	\$ 2,009,256

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9 - FUND EQUITY:**

**A. RESERVES AND DESIGNATIONS:**

Board action and requirements of generally accepted accounting principles have reserved and designated portions of fund equity in certain funds, indicating the amount not available for funding current year's activities. These can be summarized as follows:

	General Fund	Special Revenue Funds	Fiduciary Funds	Total
<b>Designated:</b>				
Public Safety projects	\$ -	\$ 185,626	\$ -	\$ 185,626
Cemetery expansion	-	10,000	-	10,000
	<u>\$ -</u>	<u>\$ 195,626</u>	<u>\$ -</u>	<u>\$ 195,626</u>
<b>Reserved:</b>				
For Prepaid/Advance expenses	\$ 28,190	\$ -	\$ -	\$ 28,190
Restricted by statute	1,625	-	-	1,625
Donor restricted	-	4,750	-	4,750
For Employee pensions	-	-	1,137,337	1,137,337
	<u>\$ 29,815</u>	<u>\$ 4,750</u>	<u>\$ 1,137,337</u>	<u>\$ 1,171,902</u>

**NOTE 10 - PROPERTY TAXES:**

Real and personal property taxes are levied on December 1st of each year, and are due to the Township by the last day of the following February. The Township is responsible for assessing, collecting and distributing property taxes in accordance with State law. Delinquent real property taxes are paid to the Township by Jackson County. Therefore, the General Fund reflects as revenues the full amount of real taxes levied during the year. The personal property taxes are reflected as revenues in the year collected, which does not materially differ from the full accrual method of revenue recognition.

The Township's operating tax rate for the year ended June 30, 2004 was .80270 mills, and its debt levy (for the Municipal Building bonds) was 1.3608 mills, both levied on property with a Taxable Value of \$174.6 million

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 11 - PENSION PLAN:**

Plan Description:

The Township of Napoleon Group Pension Plan is a single employer public employee retirement system that administers the Township's defined contribution pension plan for all full-time salaried or clerical employees.

The financial statements of the Plan are included as a fiduciary fund of the Township. The Township is the only non-employee contributor to the pension plan. As of June 30, 2004, the pension plan's current membership was 16 (11 active and 5 inactive).

A defined contribution pension plan provides pension benefits in return for service rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depends solely on the amount contributed to the participant's account and the returns earned on investments of these contributions. Contributions made by an employee and contributions by the Township both vest immediately. Each employee may contribute 10% of his or her gross earnings to the pension plan. The Township is required to contribute an amount equal to 10% of the employee's gross earnings, and now contributes an additional 5% for certain employees, which previously was a mandatory employee contribution. Contributions are not reduced by plan charges.

During the year, the Township's required and actual contributions amounted to \$32,420, which was 12.01% of its current-year covered payroll. Employee's contributions amounted to \$23,845, which was 8.84% of the Township's current-year covered payroll.

Total payroll for the fiscal year ending June 30, 2004 was \$420,467 and total payroll subject to retirement benefits was \$269,837.

The pension plan held no securities of the Township or other related parties during the year or as of the close of the fiscal year.

**NOTE 12 - SEGMENT INFORMATION:**

The Township maintains four Enterprise Funds, which provide sanitary sewage disposal services and water to a portion of Township residents. Because each of these funds is presented as a major fund in the proprietary fund financial statements, segment disclosures are not required.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 13 – RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2004, the Township carried commercial insurance to cover all risks of losses. The Township has had no settled claims resulting from these risks that exceeded commercial insurance coverage amounts in any of the past three fiscal years.

**NOTE 14 - COMMITMENTS AND CONTINGENCIES:**

**A. DELINQUENT TAXES:**

The Jackson County Treasurer establishes a Delinquent Tax Revolving Fund each year to pay for the uncollected real property taxes of the local taxing units (including Napoleon Township). If these taxes are not paid to the County Treasurer, the Township is ultimately responsible to reimburse the County Treasurer for the tax amount paid from the Revolving Fund, plus interest. It is approximately five years from the original tax delinquency to the chargeback by the County Treasurer.

For the year ended June 30, 2004, Napoleon Township received \$95,000 from the County's Delinquent Tax Revolving Fund. Taxes totaling \$2,000 were charged back during the fiscal year ended June 30, 2004.

**B. CONTRACTUAL OBLIGATIONS -**

During construction of Water and Sewer District #1, it was necessary for the Township to obtain easements for water mains and sewer lines. In addition to cash, the Township agreed to provide the property owner one direct two indirect connections to the sanitary sewage system. A liability has not been established for this on the Sewer Fund as it is difficult to determine the amount involved. The Township currently charges \$3,750 as its lowest connection fee, which indicates the liability could potentially exceed \$11,000.

**C. ENVIRONMENTAL LIABILITIES -**

Napoleon Township owns property which was formerly used as a landfill. This landfill has been inactive for several years, and the Township is unaware of any problems resulting from contamination.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 15 – ACCOUNTING CHANGES:**

As of and for the year ended June 30, 2004, the Township implemented the following GASB pronouncements:

**GASB Statements:**

No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*

No. 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*

No. 38 – *Certain Financial Statement Note Disclosures*

**GASB Interpretations:**

No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

The above pronouncements are all related to the new financial reporting requirements for all state and local governments. These pronouncements are being phased in (based on the size of the government) through fiscal years ending in 2005. The Township was required to implement these no later than its fiscal year ending June 30, 2004.

The more significant changes required by the new standards include:

- Management's discussion and analysis;
- Basic financial statements that include:
  - Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting;
  - Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds and enterprise funds;
  - Schedules to reconcile the fund financial statements to the government-wide financial statements;
  - Notes to the basic financial statements;
- Required supplementary information, including certain budgetary schedules.

**NAPOLEON TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 15 -- ACCOUNTING CHANGES: (Continued)**

As a result of implementing these pronouncements for the fiscal year ended June 30, 2004, the following restatements were made to beginning fund balance and net asset accounts:

*Governmental Activities*

The beginning net assets for governmental activities reported in the government-wide financial statements were determined as follows:

Fund balances of general, special revenue, and debt service funds as of 6/30/03, restated	\$ 1,221,656
Add: Governmental capital assets as of 6/30/03	4,073,360
Bond Issuance costs	91,847
Deduct: Accumulated depreciation as of 6/30/03 on above capital assets	(975,260)
Accumulated amortization as of 6/30/03 on above bond issuance costs	(9,186)
Long-term debt payable as of 6/30/03	(3,090,000)
Accrued interest payable as of 6/30/03	(28,194)
Accrued leave payable as of 6/30/03	(26,610)
	<hr/>
<b>Governmental net assets, restated, 7/1/03</b>	<b><u><u>\$ 1,257,613</u></u></b>

Several funds which were reported as expendable trust funds in prior audits were reclassified to the special revenue category for the fiscal year ended June 30, 2004. These funds include: Cemetery Urn, Memorial, and Parks Endowment. The aggregate total beginning fund balance of these funds was \$10,871.

*Business-Type/Proprietary Funds*

The beginning net assets of the enterprise (proprietary) funds for the fiscal year ending June 30, 2004 were derived by aggregating the previously reported retained earnings and contributed capital of those funds.



**NAPOLEON TOWNSHIP**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

Note: A budgetary comparison schedule is not presented for the Municipal Building Debt Service as there is no legal requirement for this fund to adopt a budget.

**NAPOLEON TOWNSHIP**  
**BUDGETARY COMPARISON SCHEDULE -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
<b>REVENUES:</b>				
Taxes	\$ 207,000	\$ 210,000	\$ 215,402	\$ 5,402
Licenses and permits	21,500	24,000	24,102	102
Intergovernmental	509,500	479,527	485,677	6,150
Charges for services	103,425	114,222	122,784	8,562
Fines and forfeitures	28,000	24,000	23,538	(462)
Interest and rents	21,000	17,500	14,537	(2,963)
Other	2,000	800	1,787	987
Total revenues	892,425	870,049	887,827	17,778
<b>EXPENDITURES:</b>				
Current:				
Legislative	63,673	62,749	59,041	3,708
General government	280,312	297,898	285,674	12,224
Public safety	463,857	458,987	439,135	19,852
Community planning and development	29,831	25,831	29,522	(3,691)
Public works	3,700	3,700	2,900	800
Recreational and cultural	1,800	2,000	1,519	481
Other functions	-	-	-	-
Capital outlay	160,000	29,376	123,485	(94,109)
Debt service	-	-	7,577	(7,577)
Total expenditures	1,003,173	880,541	948,853	(68,312)
<b>EXCESS (DEFICIENCY) OF REVENUES REVENUES OVER EXPENDITURES</b>	<b>(110,748)</b>	<b>(10,492)</b>	<b>(61,026)</b>	<b>(50,534)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfer in	-	-	-	-
Operating transfer (out)	-	-	-	-
Proceeds from long term debt	-	-	100,000	100,000
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	100,000	100,000
<b>NET CHANGES IN FUND BALANCES</b>	<b>(110,748)</b>	<b>(10,492)</b>	<b>38,974</b>	<b>49,466</b>
<b>FUND BALANCE - Beginning</b>	<b>686,698</b>	<b>801,601</b>	<b>801,601</b>	<b>-</b>
<b>FUND BALANCE - End of year</b>	<b>\$ 575,950</b>	<b>\$ 791,109</b>	<b>\$ 840,575</b>	<b>\$ 49,466</b>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**

**ADDITIONAL INFORMATION**

**GENERAL FUND FINANCIAL STATEMENTS:**

BALANCE SHEET (WTH 2003 COMPARATIVE TOTALS)  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - AMENDED BUDGET TO ACTUAL  
(WITH 2003 COMPARATIVE ACTUAL TOTALS)

**DEBT SERVICE FUND FINANCIAL STATEMENTS:**

BALANCE SHEET (WTH 2003 COMPARATIVE TOTALS)  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE (WITH 2003 COMPARATIVE TOTALS)

**NAPOLEON TOWNSHIP**  
**GENERAL FUND**  
**BALANCE SHEET**  
**JUNE 30, 2004**  
 (With comparative totals from June 30, 2003)

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 655,488	\$ 656,171
Accounts receivable	-	-
Prepaid expenses	28,190	-
Due from other funds	19,773	-
Due from governmental units	160,093	169,063
	<hr/>	<hr/>
Total assets	\$ 863,544	\$ 825,234
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts payable	\$ 20,451	\$ 21,257
Accrued payroll	2,517	2,227
Due to other funds	1	149
Total liabilities	<hr/> 22,969	<hr/> 23,633
FUND BALANCE:		
Fund balance - Reserved	29,815	-
Fund balance - Unreserved	810,760	801,601
Total fund balance	<hr/> 840,575	<hr/> 801,601
	<hr/>	<hr/>
Total liabilities and fund balance	\$ 863,544	\$ 825,234
	<hr/>	<hr/>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

(With comparative totals from the year ended June 30, 2003)

	<b>2004</b>			<b>2003</b>
	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE - FAVORABLE (UNFAVORABLE)</b>	<b>ACTUAL</b>
<b>REVENUES:</b>				
<b>Taxes:</b>				
Current property	\$ 139,000	\$ 139,989	\$ 989	\$ 134,596
Industrial facilities tax	12,000	13,192	1,192	11,739
Delinquent property taxes	1,000	705	(295)	266
Interest and penalties on taxes	2,000	5,016	3,016	7,891
Tax administration fee	56,000	56,500	500	55,561
Total taxes	<u>210,000</u>	<u>215,402</u>	<u>5,402</u>	<u>210,053</u>
<b>Licenses and Permits:</b>				
Cable TV licenses	23,500	23,531	31	21,925
Trailer park fees	300	278	(22)	443
Zoning books	200	293	93	224
Total licenses and permits	<u>24,000</u>	<u>24,102</u>	<u>102</u>	<u>22,592</u>
<b>Intergovernmental:</b>				
State revenue sharing	471,827	471,199	(628)	524,281
Liquor license fees	2,200	2,326	126	2,312
Public Safety grants	1,700	4,477	2,777	336
Metro Act revenue	-	3,819	3,819	1,078
Election reimbursements	2,400	2,456	56	-
Local Unit - Library	1,400	1,400	-	2,323
Total intergovernmental	<u>479,527</u>	<u>485,677</u>	<u>6,150</u>	<u>530,330</u>
<b>Charges for Services:</b>				
Norvell Twsp. Fire contract	31,500	31,579	79	31,579
Administration fees - Enterprise Funds	33,071	39,297	6,226	25,505
Allocated costs - Building Code Fund	7,351	7,351	-	7,706
Zoning/Ordinance fees	8,600	9,736	1,136	11,155
Cemetery charges	15,600	15,806	206	14,886
School tax collections	14,300	14,274	(26)	13,868
Police - Report copies	100	308	208	234
Restitution - Attorney	100	100	-	552
Miscellaneous	3,600	4,333	733	4,793
Total charges for services	<u>114,222</u>	<u>122,784</u>	<u>8,562</u>	<u>110,278</u>
<b>Fines and forfeitures - Police</b>	<u>24,000</u>	<u>23,538</u>	<u>(462)</u>	<u>25,217</u>
<b>Interest and Rents:</b>				
Interest	11,500	8,537	(2,963)	11,523
Rents	6,000	6,000	-	7,893
Total interest and rents	<u>17,500</u>	<u>14,537</u>	<u>(2,963)</u>	<u>19,416</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

(With comparative totals from the year ended June 30, 2003)

	2004			2003
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
<b>REVENUES: (Continued)</b>				
<b>Other:</b>				
Other income	\$ 800	\$ 845	\$ 45	\$ 8,256
Sale of fixed assets	-	-	-	6,618
Donations - Village & Twp. Police Assn.	-	942	942	1,844
Total other revenues	800	1,787	987	16,718
 Total Revenues	 870,049	 887,827	 17,778	 934,604
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Legislative -</b>				
<b>Township Board:</b>				
Salaries and wages - Elected	8,000	8,000	-	8,001
Payroll taxes	116	111	5	111
Fringe benefits	18,233	16,950	1,283	15,184
Professional services	12,300	11,835	465	10,342
Conferences and workshops	1,500	1,103	397	-
Community promotion	500	502	(2)	442
Insurance and bonds	17,600	16,252	1,348	16,576
Membership and dues	4,500	3,815	685	7,428
Miscellaneous	-	473	(473)	2,335
Total Legislative - Township board	62,749	59,041	3,708	60,419
 <b>General Government:</b>				
<b>Supervisor's Office:</b>				
Salaries and wages - Elected	17,000	17,000	-	17,000
Payroll taxes	247	246	1	246
Fringe benefits	2,171	2,170	1	2,166
Office supplies	50	14	36	48
Operating supplies	50	-	50	45
Mileage	100	52	48	-
Printing and publications	50	-	50	-
Total supervisor's office	19,668	19,482	186	19,505
 <b>Elections:</b>				
Fringe benefits	5	-	5	10
Office supplies	700	585	115	852
Contractual services	2,000	2,231	(231)	6,299
Printing and publications	100	-	100	182
Total elections	2,805	2,816	(11)	7,343

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

(With comparative totals from the year ended June 30, 2003)

	2004			2003
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
<b>EXPENDITURES: (Continued)</b>				
<b>Current: (Continued)</b>				
<b>General Government: (Continued)</b>				
<b>Assessor:</b>				
Salaries and wages	\$ 39,613	\$ 39,725	\$ (112)	\$ 42,320
Payroll taxes	883	751	132	994
Fringe benefits	16,238	15,875	363	14,589
Office supplies	2,000	1,893	107	1,412
Operating supplies	150	9	141	1,508
Maps and equipment	100	-	100	575
Repairs and maintenance	100	-	100	-
Tax roll preparation	6,300	4,468	1,832	7,070
Conferences and workshops	1,400	1,318	82	749
Mileage	1,200	1,143	57	882
Printing and publications	100	124	(24)	29
Membership dues	50	55	(5)	-
Total assessor	68,134	65,361	2,773	70,128
<b>Township Clerk:</b>				
Salaries and wages - Elected	17,000	17,000	-	17,000
Salaries and wages - Office	19,548	20,026	(478)	17,739
Payroll taxes	505	537	(32)	507
Fringe benefits	22,490	20,389	2,101	16,587
Office supplies	3,500	3,598	(98)	4,509
Computer supplies	-	-	-	3,756
Copier lease	8,400	8,295	105	200
Operating supplies	900	832	68	973
Professional services	2,000	2,015	(15)	2,946
Printing and publishing	2,000	772	1,228	1,233
Total township clerk	76,343	73,464	2,879	65,450
<b>Board of Review:</b>				
Payroll taxes	20	30	(10)	51
Fringe benefits	10	5	5	8
Fees and per diem	600	393	207	660
Office supplies	25	54	(29)	-
Printing and publications	100	74	26	73
Total board of review	755	556	199	792

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2004**

(With comparative totals from the year ended June 30, 2003)

	<b>2004</b>			<b>2003</b>
	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE - FAVORABLE (UNFAVORABLE)</b>	<b>ACTUAL</b>
<b>EXPENDITURES: (Continued)</b>				
<b>Current: (Continued)</b>				
<b>General Government: (Continued)</b>				
<b>Township Treasurer:</b>				
Salaries and wages - Elected	\$ 17,000	\$ 17,000	\$ -	\$ 17,000
Salaries and wages - Office	16,583	16,018	565	18,697
Payroll taxes	505	545	(40)	520
Fringe benefits	26,718	24,204	2,514	21,624
Office supplies	700	708	(8)	493
Computer supplies	200	-	200	19
Professional services	-	-	-	-
Printing and publications	-	-	-	-
Insurance and bonds	1,000	953	47	926
Miscellaneous	-	25	(25)	8
Taxes abated/written off	1,000	-	1,000	-
Total township treasurer	63,706	59,453	4,253	59,287
<b>Township Hall and Grounds:</b>				
Inmate labor	1,100	462	638	-
Fringe benefits	17	-	17	-
Office supplies	1,300	1,177	123	1,305
Repairs and maintenance supplies	3,300	3,391	(91)	3,639
Contractual services	15,270	15,002	268	8,566
Telephone	4,500	3,958	542	5,244
Printing and publications	-	71	(71)	-
Insurance and bonds	2,700	2,612	88	565
Building improvements	500	52	448	-
Public utilities	17,500	17,985	(485)	17,949
Total township hall and grounds	46,187	44,710	1,477	37,268
<b>Cemetery Operations:</b>				
Inmate labor	6,000	6,920	(920)	6,136
Fringe benefits	-	-	-	-
Operating supplies	2,500	2,774	(274)	2,416
Repairs and maintenance	2,500	1,946	554	1,686
Contractual services	8,500	7,315	1,185	10,421
Printing & publications	50	78	(28)	-
Insurance and bonds	400	489	(89)	372
Utilities	350	310	40	342
Miscellaneous	-	-	-	-
Total cemetery operations	20,300	19,832	468	21,373
Total General Government	297,898	285,674	12,224	281,146

The notes to the financial statements are an integral part of this statement.



**NAPOLEON TOWNSHIP**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004  
(With comparative totals from the year ended June 30, 2003)**

	2004			2003
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
<b>EXPENDITURES: (Continued)</b>				
<b>Current: (Continued)</b>				
<b>Public Safety:</b>				
<b>Police Department:</b>				
Salaries and wages	\$ 178,002	\$ 171,082	\$ 6,920	\$ 171,976
Payroll taxes	7,317	6,846	471	7,033
Fringe benefits	39,741	37,122	2,619	37,571
Office supplies	600	584	16	579
Operating supplies	8,000	8,438	(438)	7,729
Uniforms and laundry	1,000	984	16	965
Repairs and maintenance supplies	700	670	30	798
Professional services	4,800	4,200	600	4,215
Computer support	500	-	500	-
Radio maintenance	1,500	947	553	1,417
Telephone	4,000	3,527	473	3,867
Conferences and workshops	700	655	45	244
Community promotion	850	935	(85)	854
Insurance and bonds	18,008	17,485	523	16,473
Vehicle maintenance	3,500	3,200	300	2,323
Membership and dues	225	100	125	145
Education and training	600	288	312	222
Special training	-	1,028	(1,028)	336
Village & Police Association supplies	1,500	942	558	1,845
Special reserve program	450	373	77	318
Equipment - Not capitalized	2,000	694	1,306	1,474
Total police department	273,993	260,100	13,893	260,384

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004  
(With comparative totals from the year ended June 30, 2003)**

	<b>2004</b>			<b>2003</b>
	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE - FAVORABLE (UNFAVORABLE)</b>	<b>ACTUAL</b>
<b>EXPENDITURES: (Continued)</b>				
<b>Current: (Continued)</b>				
<b>Public Safety: (Continued)</b>				
<b>Fire Department:</b>				
Salaries and wages	\$ 91,433	\$ 86,800	\$ 4,633	\$ 92,118
Payroll taxes	2,295	2,493	(198)	2,997
Fringe benefits	25,846	24,124	1,722	23,232
Office supplies	1,000	779	221	800
Operating supplies	6,150	5,827	323	6,614
Uniforms and cleaning	8,155	8,021	134	2,863
Repairs and maintenance	2,500	2,587	(87)	2,225
Radio maintenance	3,000	3,053	(53)	2,586
Telephone	1,680	2,507	(827)	2,118
Pager lease	2,400	1,588	812	1,568
Conferences and workshops	500	321	179	-
Community promotion	500	416	84	957
Insurance and bonds	17,000	17,459	(459)	19,079
Public utilities	2,160	2,287	(127)	2,206
Vehicle maintenance	15,000	14,334	666	16,730
Membership and dues	700	1,136	(436)	797
Education and training	4,500	4,878	(378)	5,698
Building repairs	-	-	-	-
Equipment - Not capitalized	175	425	(250)	1,590
Total fire department	184,994	179,035	5,959	184,178
 Total public safety	 458,987	 439,135	 19,852	 444,562
 <b>Community Planning and Development:</b>				
<b>Zoning and Planning:</b>				
Salaries and wages	3,420	2,345	1,075	3,420
Fees and per diem	9,500	10,795	(1,295)	4,151
Payroll taxes	550	806	(256)	293
Fringe benefits	61	57	4	187
Office supplies	800	888	(88)	854
Professional services	9,000	12,080	(3,080)	18,543
Contractual services	-	-	-	-
Conferences and workshops	300	175	125	-
Mileage	200	767	(567)	-
Printing and publications	2,000	1,609	391	1,682
Insurance and bonds	-	-	-	-
Total zoning and planning	25,831	29,522	(3,691)	29,130

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2004**

(With comparative totals from the year ended June 30, 2003)

	<b>2004</b>			<b>2003</b>
	<b>AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE - FAVORABLE (UNFAVORABLE)</b>	<b>ACTUAL</b>
<b>EXPENDITURES: (Continued)</b>				
<b>Current: (Continued)</b>				
<b>Public Works :</b>				
Highways and Streets - Contractual	\$ 3,700	\$ 2,900	\$ 800	\$ 2,507
Total public works	<u>3,700</u>	<u>2,900</u>	<u>800</u>	<u>2,507</u>
<b>Recreational and Cultural -</b>				
<b>Parks:</b>				
Contractual	200	148	52	276
Utilities	100	84	16	84
Repairs and maintenance	1,700	1,287	413	1,577
Total recreational and cultural	<u>2,000</u>	<u>1,519</u>	<u>481</u>	<u>1,937</u>
<b>Capital Outlay:</b>				
General	-	-	-	-
Police Department	5,055	6,740	(1,685)	-
Fire Department	24,321	116,745	(92,424)	-
Total capital outlay	<u>29,376</u>	<u>123,485</u>	<u>(94,109)</u>	<u>-</u>
<b>Debt Service:</b>				
Principal	-	6,667	(6,667)	-
Interest	-	910	(910)	-
Total debt service	<u>-</u>	<u>7,577</u>	<u>(7,577)</u>	<u>-</u>
Total expenditures	<u>880,541</u>	<u>948,853</u>	<u>(68,312)</u>	<u>819,701</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(10,492)</u>	<u>(61,026)</u>	<u>(50,534)</u>	<u>114,903</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from long term debt	-	100,000	100,000	-
Total operating transfers in	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)</b>	<u>(10,492)</u>	<u>38,974</u>	<u>49,466</u>	<u>114,903</u>
<b>FUND BALANCE - Beginning of year</b>	<u>801,601</u>	<u>801,601</u>	<u>-</u>	<u>686,698</u>
<b>FUND BALANCE - End of year</b>	<u>\$ 791,109</u>	<u>\$ 840,575</u>	<u>\$ 49,466</u>	<u>\$ 801,601</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**MUNICIPAL BUILDING DEBT SERVICE FUND**  
**BALANCE SHEET**  
**JUNE 30, 2004**  
(With comparative totals from June 30, 2003)

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 134,467	\$ 93,326
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	4	-
Due from governmental units	-	-
	<hr/>	<hr/>
Total assets	<u>\$ 134,471</u>	<u>\$ 93,326</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES:		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	-	-
Due to other governments	-	-
Total liabilities	<hr/> -	<hr/> -
FUND BALANCE:		
Fund balance - Designated	-	-
Fund balance - Reserved	-	-
Fund balance - Unreserved	134,471	93,326
Total fund balance	<hr/> 134,471	<hr/> 93,326
	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ 134,471</u>	<u>\$ 93,326</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**MUNICIPAL BUILDING DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
<b>REVENUES:</b>		
Taxes:		
Current property taxes	\$ 236,010	\$ 207,666
Industrial facilities taxes	22,240	17,961
Delinquent property taxes	1,061	500
Total taxes	<u>259,311</u>	<u>226,127</u>
Interest	925	1,020
Total revenues	<u>260,236</u>	<u>227,147</u>
 <b>EXPENDITURES:</b>		
Debt Service:		
Principal	50,000	50,000
Interest	168,836	171,613
Paying agent fees and miscellaneous	275	275
Total expenditures	<u>219,111</u>	<u>221,888</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 41,125	 5,259
 OTHER FINANCING SOURCES (USES) - Operating transfers in	 20	 -
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND (USES)	 41,145	 5,259
 FUND BALANCE - Beginning of year	 93,326	 88,067
 FUND BALANCE - End of year	 <u>\$ 134,471</u>	 <u>\$ 93,326</u>

The notes the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**

ADDITIONAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS COMBINING FINANCIAL STATEMENTS:

COMBINING BALANCE SHEET

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE

**NAPOLEON TOWNSHIP**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2004**

	SPECIAL REVENUE FUNDS		
	CEMETERY EXPANSION	IMPROVEMENT REVOLVING	BUILDING CODE ENFORCEMENT
<u>ASSETS</u>			
Cash and cash equivalents	\$ 80,532	\$ 191,752	\$ 26,559
Accounts receivable	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Due from governments	-	-	-
Total assets	<u>\$ 80,532</u>	<u>\$ 191,752</u>	<u>\$ 26,559</u>
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
Accounts payable	\$ -	\$ -	\$ 3,425
Accrued payroll	-	-	-
Due to other funds	225	-	8,620
Total liabilities	<u>225</u>	<u>-</u>	<u>12,045</u>
FUND EQUITY:			
Fund Balance - Designated	10,000	184,217	-
Fund Balance - Reserved	-	-	-
Fund Balance - Undesignated, unreserved	70,307	7,535	14,514
Total fund equity	<u>80,307</u>	<u>191,752</u>	<u>14,514</u>
Total liabilities and fund equity	<u>\$ 80,532</u>	<u>\$ 191,752</u>	<u>\$ 26,559</u>

The notes the financial statements are an integral part of this statement.

SPECIAL REVENUE FUNDS (Continued)

<u>STREET LIGHTING</u>	<u>CEMETERY URN</u>	<u>MEMORIAL</u>	<u>PARKS ENDOWMENT</u>	<u>CAPITAL PROJECT</u>	<u>TOTAL</u>
\$ 19,934	\$ 7,480	\$ 1,409	\$ 1,273	\$ -	\$ 328,939
-	-	-	-	-	-
-	-	-	-	-	-
500	-	-	-	-	500
-	-	-	-	-	-
<u>\$ 20,434</u>	<u>\$ 7,480</u>	<u>\$ 1,409</u>	<u>\$ 1,273</u>	<u>\$ -</u>	<u>\$ 329,439</u>
\$ 2,045	\$ -	\$ -	\$ -	\$ -	\$ 5,470
-	-	-	-	-	-
-	-	-	-	-	8,845
<u>2,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,315</u>
-	-	1,409	-	-	195,626
-	4,750	-	-	-	4,750
18,389	2,730	-	1,273	-	114,748
<u>18,389</u>	<u>7,480</u>	<u>1,409</u>	<u>1,273</u>	<u>-</u>	<u>315,124</u>
<u>\$ 20,434</u>	<u>\$ 7,480</u>	<u>\$ 1,409</u>	<u>\$ 1,273</u>	<u>\$ -</u>	<u>\$ 329,439</u>



**NAPOLEON TOWNSHIP**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**THE YEAR ENDED JUNE 30, 2004**

	SPECIAL REVENUE FUNDS		
	CEMETERY EXPANSION	IMPROVEMENT REVOLVING	BUILDING CODE ENFORCEMENT
REVENUES:			
Taxes	\$ -	\$ -	-
Licenses and permits	-	-	84,626
State grants - Capital	-	12,000	-
Interest and rents	1,038	2,149	327
Other revenues	4,600	6,699	-
Total revenues	5,638	20,848	84,953
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	-	87,477
Public works	-	-	-
Recreation and culture	-	-	-
Other functions	-	-	-
Capital outlay	-	94,929	-
Total expenditures	-	94,929	87,477
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,638	(74,081)	(2,524)
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Sale of capital assets	-	120,643	-
Operating transfers (out)	-	-	-
Total other financing sources (uses)	-	120,643	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	5,638	46,562	(2,524)
FUND BALANCES - Beginning of year	74,669	145,190	17,038
FUND BALANCES - End of year	\$ 80,307	\$ 191,752	\$ 14,514

The notes the financial statements are an integral part of this statement.

SPECIAL REVENUE FUNDS (Continued)

STREET LIGHTING	CEMETERY URN	MEMORIAL	PARKS ENDOWMENT	CAPITAL PROJECTS	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	84,626
-	-	-	-	-	12,000
55	162	8	11	92	3,842
25,934	-	-	-	-	37,233
25,989	162	8	11	92	137,701
-	-	-	-	-	-
-	-	-	-	-	87,477
24,804	-	-	-	-	24,804
-	-	-	890	-	890
-	-	-	-	-	-
-	-	-	-	61,829	156,758
24,804	-	-	890	61,829	269,929
1,185	162	8	(879)	(61,737)	(132,228)
-	-	-	-	-	-
-	-	-	-	-	120,643
-	-	-	-	(20)	(20)
-	-	-	-	(20)	120,623
1,185	162	8	(879)	(61,757)	(11,605)
17,204	7,318	1,401	2,152	61,757	326,729
\$ 18,389	\$ 7,480	\$ 1,409	\$ 1,273	\$ -	\$ 315,124

**NAPOLEON TOWNSHIP**

**ADDITIONAL INFORMATION**

**INDIVIDUAL FUND FINANCIAL STATEMENTS:**

**CEMETERY EXPANSION SPECIAL REVENUE FUND:**

BALANCE SHEET (WITH 2003 COMPARATIVE TOTALS)  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(WITH 2003 ACTUAL COMPARATIVE TOTALS)

**IMPROVEMENT REVOLVING SPECIAL REVENUE FUND:**

BALANCE SHEET (WITH 2003 COMPARATIVE TOTALS)  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(WITH 2003 ACTUAL COMPARATIVE TOTALS)

**BUILDING CODE ENFORCEMENT SPECIAL REVENUE FUND:**

BALANCE SHEET (WITH 2003 COMPARATIVE TOTALS)  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(WITH 2003 ACTUAL COMPARATIVE TOTALS)

**STREET LIGHT SPECIAL REVENUE FUND:**

BALANCE SHEET (WITH 2003 COMPARATIVE TOTALS)  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(WITH 2003 ACTUAL COMPARATIVE TOTALS)

**CEMETERY URN FUND SPECIAL REVENUE FUND:**

BALANCE SHEET (WITH 2003 COMPARATIVE TOTALS)  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(WITH 2003 ACTUAL COMPARATIVE TOTALS)

**MEMORIAL SPECIAL REVENUE FUND:**

BALANCE SHEET (WITH 2003 COMPARATIVE TOTALS)  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(WITH 2003 ACTUAL COMPARATIVE TOTALS)

**PARKS ENDOWMENT SPECIAL REVENUE FUND:**

BALANCE SHEET (WITH 2003 COMPARATIVE TOTALS)  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(WITH 2003 ACTUAL COMPARATIVE TOTALS)

**NAPOLEON TOWNSHIP**  
**CEMETERY EXPANSION SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEET**  
**JUNE 30, 2004**  
(With comparative totals from June 30, 2003)

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 80,532	\$ 74,669
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from governments	-	-
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 80,532</u>	<u>\$ 74,669</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	225	-
Total liabilities	<u>225</u>	<u>-</u>
FUND EQUITY:		
Fund Balance - Designated	10,000	10,000
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	70,307	64,669
Total fund equity	<u>80,307</u>	<u>74,669</u>
	<u>          </u>	<u>          </u>
Total liabilities and fund equity	<u>\$ 80,532</u>	<u>\$ 74,669</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**CEMETERY EXPANSION SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	2004			2003
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES:				
Interest	\$ 2,000	\$ 1,038	\$ (962)	\$ 1,372
Other revenues - Sale of lots	7,000	4,600	(2,400)	7,350
Total revenues	9,000	5,638	(3,362)	8,722
EXPENDITURES:				
Current - Other functions:				
Temporary labor	-	-	-	-
Supplies	-	-	-	-
Professional services	1,000	-	1,000	603
Total current - Other functions	1,000	-	1,000	603
Capital outlay	-	-	-	-
Total expenditures	1,000	-	1,000	603
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,000	5,638	(2,362)	8,119
OTHER FINANCING SOURCES (USES) -				
Operating transfers in	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND (USES)	8,000	5,638	(2,362)	8,119
FUND BALANCE - Beginning of year	74,669	74,669	-	66,550
FUND BALANCE - End of year	\$ 82,669	\$ 80,307	\$ (2,362)	\$ 74,669

The notes the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**IMPROVEMENT REVOLVING SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEET**  
**JUNE 30, 2004**  
(With comparative totals from June 30, 2003)

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 191,752	\$ 145,190
Accounts receivable	-	-
Advance expenses	-	-
Due from other funds	-	-
Due from governments	-	-
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 191,752</u>	<u>\$ 145,190</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	<u>          </u>	<u>          </u>
FUND EQUITY:		
Fund Balance - Designated	184,217	63,574
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	<u>7,535</u>	<u>81,616</u>
Total fund equity	<u>191,752</u>	<u>145,190</u>
	<u>          </u>	<u>          </u>
Total liabilities and fund equity	<u>\$ 191,752</u>	<u>\$ 145,190</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**IMPROVEMENT REVOLVING SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>			<u>2003</u>
	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>	<u>ACTUAL</u>
REVENUES:				
State grants - Capital	\$ -	\$ 12,000	\$ 12,000	\$ -
Interest	2,000	2,149	149	2,090
Other revenue	-	6,699	6,699	-
Total revenues	<u>2,000</u>	<u>20,848</u>	<u>18,848</u>	<u>2,090</u>
EXPENDITURES:				
Current:				
General government:				
Professional services	1,000	-	1,000	895
Miscellaneous	-	-	-	-
Total general government	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>895</u>
Public Works:				
Drain improvements	-	-	-	-
Total public works	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay	-	94,929	(94,929)	-
Total expenditures	<u>1,000</u>	<u>94,929</u>	<u>(93,929)</u>	<u>895</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,000</u>	<u>(74,081)</u>	<u>(75,081)</u>	<u>1,195</u>
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	-	120,643	120,643	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>1,000</u>	<u>46,562</u>	<u>45,562</u>	<u>1,195</u>
FUND BALANCE - Beginning of year	<u>145,190</u>	<u>145,190</u>	<u>-</u>	<u>143,995</u>
FUND BALANCE - End of year	<u>\$ 146,190</u>	<u>\$ 191,752</u>	<u>\$ 45,562</u>	<u>\$ 145,190</u>

The notes the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**BUILDING CODE ENFORCEMENT SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEET**  
**JUNE 30, 2004**  
(With comparative totals from June 30, 2003)

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 26,559	\$ 22,503
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from other governments	-	-
	<hr/>	<hr/>
Total assets	<u>\$ 26,559</u>	<u>\$ 22,503</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ 3,425	\$ 5,465
Due to other funds	8,620	-
Total liabilities	<u>12,045</u>	<u>5,465</u>
 FUND EQUITY:		
Fund Balance - Designated	-	-
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	14,514	17,038
Total fund equity	<u>14,514</u>	<u>17,038</u>
	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$ 26,559</u>	<u>\$ 22,503</u>

The notes the financial statements are an integral part of this statement.



**NAPOLEON TOWNSHIP**  
**BUILDING CODE ENFORCEMENT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	2004			2003
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
<b>REVENUES:</b>				
Licenses and permits:				
Building permits	\$ 27,500	\$ 26,981	\$ (519)	\$ 31,754
Electrical permits	20,500	21,100	600	20,075
Plumbing permits	27,600	27,695	95	20,540
Mechanical permits	9,000	8,850	(150)	6,155
Total licenses and permits	84,600	84,626	26	78,524
Interest	400	327	(73)	933
Total revenues	85,000	84,953	(47)	79,457
<b>EXPENDITURES:</b>				
Current - Public Safety:				
Salaries - Clerical	16,622	16,723	(101)	21,921
Salaries - Zoning Administrator	1,780	1,450	330	2,280
Payroll taxes	1,017	1,041	(24)	1,373
Fringe benefits	1,323	2,108	(785)	1,915
Contract fees:				
Zoning Administrator	-	-	-	-
Building Inspectors	12,000	12,490	(490)	13,340
Plumbing & Mechanical Inspectors	28,000	27,660	340	17,800
Electrical Inspectors	13,000	13,345	(345)	20,100
Office supplies	704	1,189	(485)	1,136
Allocated costs	7,454	7,351	103	7,706
Professional services	3,200	2,785	415	1,200
Insurance	400	408	(8)	372
Miscellaneous	600	927	(327)	474
Total current - Public Safety	86,100	87,477	(1,377)	89,617
Capital outlay	-	-	-	-
Total expenditures	86,100	87,477	(1,377)	89,617
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,100)	(2,524)	(1,424)	(10,160)
<b>FUND BALANCE - Beginning of year</b>	17,038	17,038	-	27,198
<b>FUND BALANCE - End of year</b>	\$ 15,938	\$ 14,514	\$ (1,424)	\$ 17,038

The notes the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STREET LIGHT SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEET**  
**JUNE 30, 2004**  
(With comparative totals from June 30, 2003)

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 19,934	\$ 19,239
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	500	-
Due from governments	-	-
	<u>-</u>	<u>-</u>
Total assets	<u>\$ 20,434</u>	<u>\$ 19,239</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ 2,045	\$ 2,035
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	<u>2,045</u>	<u>2,035</u>
FUND EQUITY:		
Fund Balance - Designated	-	-
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	18,389	17,204
Total fund equity	<u>18,389</u>	<u>17,204</u>
Total liabilities and fund equity	<u>\$ 20,434</u>	<u>\$ 19,239</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STREET LIGHT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL**  
**THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	2004			2003
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES:				
Other Revenue:				
Current special assessments	\$ 24,700	\$ 25,934	\$ 1,234	\$ 25,916
Delinquent special assessments	-	-	-	-
Total taxes	24,700	25,934	1,234	25,916
Interest	300	55	(245)	149
Total revenues	25,000	25,989	989	26,065
EXPENDITURES:				
Current - Public Works:				
Utilities	25,000	24,804	196	24,693
Miscellaneous	-	-	-	13
Total expenditures	25,000	24,804	196	24,706
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	1,185	1,185	1,359
FUND BALANCE - Beginning of year	17,204	17,204	-	15,845
FUND BALANCE - End of year	\$ 17,204	\$ 18,389	\$ 1,185	\$ 17,204

The notes the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**CEMETERY URN SPECIAL REVENUE FUND**  
**COMPARATIVE BALANCE SHEET**  
**JUNE 30, 2004**  
(With comparative totals from June 30, 2003)

		CEMETERY URN FUND	
		2004	2003
<u>ASSETS</u>			
Cash		\$ 7,480	\$ 7,318
Accounts receivable		-	-
Prepaid expenses		-	-
Due from other funds		-	-
Due from other governments		-	-
Total assets		<u>\$ 7,480</u>	<u>\$ 7,318</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
Accounts payable		\$ -	\$ -
Accrued payroll		-	-
Due to other funds		-	-
Total liabilities		<u>-</u>	<u>-</u>
FUND EQUITY:			
Fund Balance - Designated		-	-
Fund Balance - Reserved		4,750	4,750
Fund Balance - Undesignated, unreserved		<u>2,730</u>	<u>2,568</u>
Total fund equity		<u>7,480</u>	<u>7,318</u>
Total liabilities and fund equity		<u>\$ 7,480</u>	<u>\$ 7,318</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**CEMETERY URN SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	2004			2003
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES -				
Interest	\$ -	\$ 162	\$ 162	\$ 205
EXPENDITURES -				
Other functions - Flowers	-	-	-	207
EXCESS OF REVENUES OVER EXPENDITURES	-	162	162	(2)
FUND BALANCE - Beginning of year	7,318	7,318	-	7,320
FUND BALANCE - End of year	\$ 7,318	\$ 7,480	\$ 162	\$ 7,318

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**MEMORIAL SPECIAL REVENUE FUND**  
**BALANCE SHEET**  
**JUNE 30, 2004**  
(With comparative totals from June 30, 2003)

		TOTALS	
		2004	2003
<u>ASSETS:</u>			
Cash and cash equivalents	\$	1,409	\$ 1,401
Accounts receivable		-	-
Prepaid expenses		-	-
Due from other funds		-	-
Due from other governments		-	-
Total assets	\$	<u>1,409</u>	\$ <u>1,401</u>
 <u>LIABILITIES AND FUND EQUITY:</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$	-	\$ -
Accrued payroll		-	-
Due to other funds		-	-
Total liabilities		<u>-</u>	<u>-</u>
 <u>FUND EQUITY:</u>			
Fund Balance - Designated		1,409	-
Fund Balance - Reserved		-	-
Fund Balance - Undesignated, unreserved		-	1,401
Total fund equity		<u>1,409</u>	<u>1,401</u>
Total liabilities and fund equity	\$	<u>1,409</u>	\$ <u>1,401</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**MEMORIAL SPECIAL REVENUE FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	2004			2003
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES:				
Interest	\$ -	\$ 8	\$ 8	\$ 12
Other - Donations	-	-	-	485
Total revenues	-	8	8	497
EXPENDITURES:				
Recreation and cultural:				
Community promotion	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	8	8	497
FUND BALANCE - Beginning of year	1,401	1,401	-	904
FUND BALANCE - End of year	\$ 1,401	\$ 1,409	\$ 8	\$ 1,401

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**PARKS ENDOWMENT SPECIAL REVENUE FUND**  
**BALANCE SHEET**  
**JUNE 30, 2004**  
(With comparative totals from June 30, 2003)

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,273	\$ 2,152
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from other governments	-	-
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,273</u>	<u>\$ 2,152</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	-	-
Total liabilities	<u>          </u>	<u>          </u>
FUND EQUITY:		
Fund Balance - Designated	-	-
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	<u>1,273</u>	<u>2,152</u>
Total fund equity	<u>1,273</u>	<u>2,152</u>
	<u>          </u>	<u>          </u>
Total liabilities and fund equity	<u>\$ 1,273</u>	<u>\$ 2,152</u>

The notes to the financial statements are an integral part of this statement.



**NAPOLEON TOWNSHIP**  
**PARKS ENDOWMENT SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	2004			2003
	AMENDED BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES:				
Interest	\$ -	\$ 11	\$ 11	\$ 40
Other - Donations	-	-	-	1,368
Total revenues	-	11	11	1,408
EXPENDITURES:				
Recreation and cultural:				
Community promotion	-	-	-	315
Miscellaneous	-	890	(890)	1,937
Capital outlay	-	-	-	-
Total expenditures	-	890	(890)	2,252
EXCESS OF REVENUES OVER EXPENDITURES	-	(879)	(879)	(844)
FUND BALANCE - Beginning of year	2,152	2,152	-	2,996
FUND BALANCE - End of year	\$ 2,152	\$ 1,273	\$ (879)	\$ 2,152

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**MUNICIPAL BUILDING CAPITAL PROJECTS FUND**  
**BALANCE SHEET**  
**JUNE 30, 2004**  
 (With comparative totals from June 30, 2003)

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ -	\$ 61,757
Accounts receivable	-	-
Prepaid expenses	-	-
Due from other funds	-	-
Due from other governments	-	-
	<u>-</u>	<u>-</u>
Total assets	<u>\$ -</u>	<u>\$ 61,757</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ -	\$ -
Accrued payroll	-	-
Due to other funds	-	-
	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
FUND EQUITY:		
Fund Balance - Designated	-	61,757
Fund Balance - Reserved	-	-
Fund Balance - Undesignated, unreserved	-	-
	<u>-</u>	<u>-</u>
Total fund equity	<u>-</u>	<u>61,757</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 61,757</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**MUNICIPAL BUILDING CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
REVENUES:		
Intergovernmental	\$ -	\$ -
Interest	92	-
Other	-	-
Total revenues	<u>92</u>	<u>-</u>
EXPENDITURES:		
Other Functions	-	-
Capital outlay:		
Construction	56,705	58,248
Capitalized interest	-	-
Contingency	5,124	146
Total capital outlay	<u>61,829</u>	<u>58,394</u>
Total expenditures	<u>61,829</u>	<u>58,394</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(61,737)</u>	<u>(58,394)</u>
OTHER FINANCING SOURCES:		
Bond proceeds	-	-
Operating transfer out - Debt Retirement Fund	(20)	-
Total other financing sources	<u>(20)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>(61,757)</u>	<u>(58,394)</u>
FUND BALANCE - Beginning of year	<u>61,757</u>	<u>120,151</u>
FUND BALANCE - End of year	<u>\$ -</u>	<u>\$ 61,757</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**MUNICIPAL BUILDING CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2004**

	PROJECT AUTHORIZATION	PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE
REVENUES:				
Interest	\$ 27,000	\$ 104,488	\$ 92	\$ 104,580
Other	-	-	-	-
Total revenues	27,000	104,488	92	104,580
EXPENDITURES:				
Other functions - Bond issue costs	83,500	91,287	-	91,287
Capital outlay:				
Construction -				
Building	2,165,770	2,129,292	-	2,129,292
Watermain extension	100,000	172,016	-	172,016
Architect/Engineering fees	288,892	304,853	-	304,853
Equipment and furnishings	-	296,628	56,705	353,333
Fire Truck	275,000	254,702	-	254,702
Total construction	2,829,662	3,157,491	56,705	3,214,196
Capitalized interest	73,677	-	-	-
Contingency	255,161	8,953	5,124	14,077
Total capital outlay	3,158,500	3,166,444	61,829	3,228,273
Total expenditures	3,242,000	3,257,731	61,829	3,319,560
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,215,000)	(3,153,243)	(61,737)	(3,214,980)
OTHER FINANCING SOURCES (USES):				
Bond proceeds	3,215,000	3,215,000	-	3,215,000
Transfer to Debt Retirement	-	-	(20)	(20)
Total other financing sources (uses)	3,215,000	3,215,000	(20)	3,214,980
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	-	61,757	(61,757)	-
FUND BALANCE - Beginning	-	-	61,757	-
FUND BALANCE - End	\$ -	\$ 61,757	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**

**ADDITIONAL INFORMATION**

**INDIVIDUAL FUND FINANCIAL STATEMENTS:**

**SEWER #1 ENTERPRISE FUND:**

STATEMENT OF NET ASSETS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

STATEMENT OF CASH FLOWS

**SEWER #2 ENTERPRISE FUND:**

STATEMENT OF NET ASSETS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

STATEMENT OF CASH FLOWS

**SEWER #9 ENTERPRISE FUND:**

STATEMENT OF NET ASSETS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

STATEMENT OF CASH FLOWS

**WATER #1 ENTERPRISE FUND:**

STATEMENT OF NET ASSETS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

STATEMENT OF CASH FLOWS

**NAPOLEON TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #1 FUND**  
**JUNE 30, 2004**  
(With comparative totals from June 30, 2003)

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 369,583	\$ 287,480
Accounts receivable	6,746	3,549
Special assessments receivable - Current	58,172	-
Due from other funds	630	-
Total current assets	<u>435,131</u>	<u>291,029</u>
<b>NONCURRENT ASSETS:</b>		
Capital assets not being depreciated	-	-
Capital assets being depreciated, net	1,272,530	1,306,937
Intergovernmental receivable	-	-
Special assessments receivable - Long Term	817,431	957,634
Total noncurrent assets	<u>2,089,961</u>	<u>2,264,571</u>
Total assets	<u>2,525,092</u>	<u>2,555,600</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	12,566	7,755
Capital lease payable - Current portion	50,000	25,000
Accrued interest payable	8,302	8,585
Due to other funds	1,869	-
Deferred revenue	7,810	5,856
Total current liabilities	<u>80,547</u>	<u>47,196</u>
<b>NONCURRENT LIABILITIES:</b>		
Capital lease payable - Long term portion	1,000,000	1,050,000
Total long term liabilities	<u>1,000,000</u>	<u>1,050,000</u>
Total liabilities	<u>1,080,547</u>	<u>1,097,196</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,272,530	1,306,937
Unrestricted	172,015	151,467
Total net assets	<u>\$ 1,444,545</u>	<u>\$ 1,458,404</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #1 FUND**  
**THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
<b>OPERATING REVENUES:</b>		
Charges for services:		
Connection fees	\$ 25,664	\$ -
Usage - Flat rate	84,392	54,353
Usage - Metered	-	-
Total charges for services	<u>110,056</u>	<u>54,353</u>
Other:		
Penalties	2,318	25
Miscellaneous	2,282	-
Total other revenue	<u>4,600</u>	<u>25</u>
Total operating revenues	<u>114,656</u>	<u>54,378</u>
 <b>OPERATING EXPENSES:</b>		
Operating supplies	84	2,812
Administrative and legal	16,096	9,360
Printing and publications	34	-
Insurance and bonds	614	665
Utilities	987	661
Treatment/transportation fees	51,575	30,634
Connections	9,164	2,300
Repairs and maintenance	24,014	18,435
Depreciation	34,407	33,981
Miscellaneous	522	234
Total operating expenses	<u>137,497</u>	<u>99,082</u>
 <b>OPERATING INCOME (LOSS)</b>	<u>(22,841)</u>	<u>(44,704)</u>
 <b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest income	60,236	66,796
Interest expenses	(51,254)	(52,628)
Net nonoperating revenues (expenses)	<u>8,982</u>	<u>14,168</u>
 <b>NET INCOME</b>	<u>(13,859)</u>	<u>(30,536)</u>
 <b>RETAINED EARNINGS - Beginning of year</b>	<u>1,458,404</u>	<u>1,488,940</u>
 <b>RETAINED EARNINGS - End of year</b>	<u><u>\$ 1,444,545</u></u>	<u><u>\$ 1,458,404</u></u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #1 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 112,783	\$ 56,752
Cash payments for goods and services	<u>(96,410)</u>	<u>(67,402)</u>
Net cash from operating activities	<u>16,373</u>	<u>(10,650)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Intergovernmental receivable	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Special assessment installments collected	138,189	129,653
Principal payments	(25,000)	(25,000)
Interest payments	(51,537)	(53,187)
Purchases of capital assets	<u>-</u>	<u>(3,634)</u>
Net cash from capital and related financing activities	<u>61,652</u>	<u>47,832</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Receipt of interest	4,078	5,070
Proceeds from investments	-	-
Purchase of investments	<u>-</u>	<u>-</u>
Net cash from investing activities	<u>4,078</u>	<u>5,070</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>82,103</b>	<b>42,252</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b><u>287,480</u></b>	<b><u>245,228</u></b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b><u>\$ 369,583</u></b>	<b><u>\$ 287,480</u></b>

The notes to the financial statements are an integral part of this statement.



**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS - Continued**  
**PROPRIETARY FUNDS - SEWER DISTRICT #1 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
A reconciliation of income from operations to net cash from operating activities is as follows:		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (22,841)	\$ (44,704)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	34,407	33,981
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(3,197)	220
Due from other funds	(630)	-
(Decrease) increase in liabilities:		
Accounts payable	4,811	4,466
Due to other funds	1,869	(6,767)
Deferred revenue	<u>1,954</u>	<u>2,154</u>
Net cash from operating activities	<u>\$ 16,373</u>	<u>\$ (10,650)</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #2 FUND**  
**JUNE 30, 2004**  
(With comparative totals from June 30, 2003)

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 60,877	\$ 47,125
Accounts receivable	5,270	696
Special assessments receivable - Current	146,900	-
Due from other funds	-	-
Total current assets	<u>213,047</u>	<u>47,821</u>
<b>NONCURRENT ASSETS:</b>		
Capital assets not being depreciated	-	-
Capital assets being depreciated, net	3,800,827	3,900,849
Intergovernmental receivable	907,792	803,209
Special assessments receivable - Long Term	2,109,266	2,497,026
Total noncurrent assets	<u>6,817,885</u>	<u>7,201,084</u>
 Total assets	 <u>7,030,932</u>	 <u>7,248,905</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	8,331	5,745
Capital lease payable - Current portion	191,825	153,460
Accrued interest payable	46,302	48,412
Due to other funds	2,701	-
Deferred revenue	8,778	3,350
Total current liabilities	<u>257,937</u>	<u>210,967</u>
<b>NONCURRENT LIABILITIES:</b>		
Capital lease payable - Long term portion	3,145,930	3,337,755
Total long term liabilities	<u>3,145,930</u>	<u>3,337,755</u>
 Total liabilities	 <u>3,403,867</u>	 <u>3,548,722</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	3,800,827	3,900,849
Unrestricted	(173,762)	(200,666)
Total net assets	<u>\$ 3,627,065</u>	<u>\$ 3,700,183</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #2 FUND**  
**THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
<b>OPERATING REVENUES:</b>		
Charges for services:		
Connection fees	\$ 56,339	\$ 37,640
Usage - Flat rate	85,566	20,909
Usage - Metered	-	-
Total charges for services	<u>141,905</u>	<u>58,549</u>
Other:		
Penalties	563	29
Miscellaneous	-	-
Total other revenue	<u>563</u>	<u>29</u>
Total operating revenues	<u>142,468</u>	<u>58,578</u>
 <b>OPERATING EXPENSES:</b>		
Operating supplies	58	58
Administrative and legal	20,884	3,509
Printing and publications	34	-
Insurance and bonds	2,898	-
Utilities	1,349	1,646
Treatment/transportation fees	53,265	15,468
Connections	8,183	-
Repairs and maintenance	3,389	6,556
Depreciation	100,022	100,022
Miscellaneous	408	98
Total operating expenses	<u>190,490</u>	<u>127,357</u>
 <b>OPERATING INCOME</b>	<u>(48,022)</u>	<u>(68,779)</u>
 <b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest income	162,221	183,282
Interest expenses	(187,317)	(246,088)
Net nonoperating revenues (expenses)	<u>(25,096)</u>	<u>(62,806)</u>
 <b>NET INCOME</b>	<u>(73,118)</u>	<u>(131,585)</u>
 <b>RETAINED EARNINGS - Beginning of year</b>	<u>3,700,183</u>	<u>3,831,768</u>
 <b>RETAINED EARNINGS - End of year</b>	<u>\$ 3,627,065</u>	<u>\$ 3,700,183</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #2 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 143,322	\$ 23,634
Cash payments for goods and services	<u>(85,181)</u>	<u>(54,105)</u>
Net cash from operating activities	<u>58,141</u>	<u>(30,471)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Intergovernmental receivable	<u>(104,583)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Special assessment installments collected	402,532	570,163
Principal payments	(153,460)	(153,460)
Interest payments	(189,427)	(197,676)
Purchases of capital assets	<u>-</u>	<u>(241,101)</u>
Net cash from capital and related financing activities	<u>59,645</u>	<u>(22,074)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Receipt of interest	549	12,450
Proceeds from investments	-	-
Purchase of investments	<u>-</u>	<u>-</u>
Net cash from investing activities	<u>549</u>	<u>12,450</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>13,752</b>	<b>(40,095)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<u><b>47,125</b></u>	<u><b>87,220</b></u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u><u><b>\$ 60,877</b></u></u>	<u><u><b>\$ 47,125</b></u></u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS - Continued**  
**PROPRIETARY FUNDS - SEWER DISTRICT #2 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
A reconciliation of income from operations to net cash from operating activities is as follows:		
 CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (48,022)	\$ (106,419)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	100,022	100,022
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(4,574)	(635)
Due from other funds	-	289
(Decrease) increase in liabilities:		
Accounts payable	2,586	4,656
Due to other funds	2,701	-
Due to other governments	-	(31,426)
Deferred revenue	5,428	3,042
	<u>5,428</u>	<u>3,042</u>
 Net cash from operating activities	 <u>\$ 58,141</u>	 <u>\$ (30,471)</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #9 FUND**  
**JUNE 30, 2004**  
(With comparative totals from June 30, 2003)

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 182,424	\$ 171,192
Accounts receivable	4,958	6,465
Special assessments receivable - Current	-	-
Due from other funds	-	-
Total current assets	<u>187,382</u>	<u>177,657</u>
<b>NONCURRENT ASSETS:</b>		
Capital assets not being depreciated	-	-
Capital assets being depreciated, net	583,976	611,887
Intergovernmental receivable	-	-
Special assessments receivable - Long Term	-	-
Total noncurrent assets	<u>583,976</u>	<u>611,887</u>
 Total assets	 <u>771,358</u>	 <u>789,544</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	7,702	5,554
Capital lease payable - Current portion	-	20,000
Accrued interest payable	-	250
Due to other funds	1,994	-
Deferred revenue	6,851	6,819
Total current liabilities	<u>16,547</u>	<u>32,623</u>
<b>NONCURRENT LIABILITIES</b>		
Capital lease payable - Long term portion	-	-
Total long term liabilities	<u>-</u>	<u>-</u>
 Total liabilities	 <u>16,547</u>	 <u>32,623</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	583,976	611,887
Unrestricted	170,835	145,034
Total net assets	<u>\$ 754,811</u>	<u>\$ 756,921</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #9 FUND**  
**THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
<b>OPERATING REVENUES:</b>		
Charges for services:		
Connection fees	\$ -	\$ 2,400
Usage - Flat rate	82,023	83,720
Usage - Metered	-	-
Total charges for services	<u>82,023</u>	<u>86,120</u>
Other:		
Penalties	1,503	301
Miscellaneous	-	-
Total other revenue	<u>1,503</u>	<u>301</u>
Total operating revenues	<u>83,526</u>	<u>86,421</u>
 <b>OPERATING EXPENSES:</b>		
Operating supplies	-	400
Administrative and legal	11,952	13,889
Printing and publications	31	-
Insurance and bonds	236	2,123
Utilities	1,717	1,905
Treatment/transportation fees	26,967	29,765
Connections	-	-
Repairs and maintenance	17,838	18,512
Depreciation	27,911	27,911
Miscellaneous	182	345
Total operating expenses	<u>86,834</u>	<u>94,850</u>
 <b>OPERATING INCOME (LOSS)</b>	<u>(3,308)</u>	<u>(8,429)</u>
 <b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest income	1,504	1,841
Interest expenses	(306)	(1,875)
Net nonoperating revenues (expenses)	<u>1,198</u>	<u>(34)</u>
 <b>NET INCOME (LOSS)</b>	<u>(2,110)</u>	<u>(8,463)</u>
 <b>RETAINED EARNINGS - Beginning of year</b>	<u>756,921</u>	<u>765,384</u>
 <b>RETAINED EARNINGS - End of year</b>	<u><u>\$ 754,811</u></u>	<u><u>\$ 756,921</u></u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS - SEWER DISTRICT #9 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 85,065	\$ 85,654
Cash payments for goods and services	<u>(54,781)</u>	<u>(79,481)</u>
Net cash from operating activities	<u>30,284</u>	<u>6,173</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Intergovernmental receivable	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Special assessment installments collected	-	-
Principal payments	(20,000)	(15,000)
Interest payments	(556)	(2,062)
Purchases of capital assets	<u>-</u>	<u>-</u>
Net cash from capital and related financing activities	<u>(20,556)</u>	<u>(17,062)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Receipt of interest	1,504	1,841
Proceeds from investments	-	-
Purchase of investments	<u>-</u>	<u>-</u>
Net cash from investing activities	<u>1,504</u>	<u>1,841</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>11,232</b>	<b>(9,048)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<u>171,192</u>	<u>180,240</u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u><u>\$ 182,424</u></u>	<u><u>\$ 171,192</u></u>

The notes to the financial statements are an integral part of this statement.



**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS - Continued**  
**PROPRIETARY FUNDS - SEWER DISTRICT #9 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
A reconciliation of income from operations to net cash from operating activities is as follows:		
 CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (3,308)	\$ (8,429)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	27,911	27,911
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	1,507	(976)
Due from other funds	-	934
(Decrease) increase in liabilities:		
Accounts payable	2,148	(1,901)
Due to other funds	1,994	(11,575)
Due to other governments	-	-
Deferred revenue	32	209
	<u>32</u>	<u>209</u>
 Net cash from operating activities	 <u>\$ 30,284</u>	 <u>\$ 6,173</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS - WATER DISTRICT #1 FUND**  
**JUNE 30, 2004**  
(With comparative totals from June 30, 2003)

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 53,700	\$ 89,959
Accounts receivable	5,297	4,646
Special assessments receivable - Current	918	-
Due from other funds	-	149
Total current assets	<u>59,915</u>	<u>94,754</u>
<b>NONCURRENT ASSETS:</b>		
Capital assets not being depreciated	34,450	34,450
Capital assets being depreciated, net	1,539,561	1,575,404
Intergovernmental receivable	-	-
Special assessments receivable - Long Term	2,756	-
Total noncurrent assets	<u>1,576,767</u>	<u>1,609,854</u>
Total assets	<u>1,636,682</u>	<u>1,704,608</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	598	1,720
Capital lease payable - Current portion	-	-
Accrued interest payable	-	-
Due to other funds	872	-
Deferred revenue	2,632	11,571
Total current liabilities	<u>4,102</u>	<u>13,291</u>
<b>NONCURRENT LIABILITIES:</b>		
Capital lease payable - Long term portion	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>4,102</u>	<u>13,291</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,574,011	1,609,854
Unrestricted	58,569	81,463
Total net assets	<u>\$ 1,632,580</u>	<u>\$ 1,691,317</u>
Total liabilities and fund equity	<u>\$ 1,636,682</u>	<u>\$ 1,704,608</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS - WATER DISTRICT #1 FUND**  
**THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
<b>OPERATING REVENUES:</b>		
Charges for services:		
Connection fees	\$ 5,492	\$ 2,650
Usage - Flat rate	30,624	29,527
Usage - Metered	-	-
Total charges for services	<u>36,116</u>	<u>32,177</u>
Other:		
Penalties	75	174
Miscellaneous	13,282	-
Total other revenue	<u>13,357</u>	<u>174</u>
Total operating revenues	<u>49,473</u>	<u>32,351</u>
 <b>OPERATING EXPENSES:</b>		
Operating supplies	1,896	2,639
Administrative and legal	6,014	7,772
Printing and publications	418	-
Insurance and bonds	552	72
Utilities	2,680	2,118
Treatment/transportation fees	-	-
Connections	-	-
Repairs and maintenance	61,205	6,472
Depreciation	35,843	35,774
Miscellaneous	91	135
Total operating expenses	<u>108,699</u>	<u>54,982</u>
 <b>OPERATING INCOME (LOSS)</b>	<u>(59,226)</u>	<u>(22,631)</u>
 <b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest income	489	1,571
Interest expense	-	-
Net nonoperating revenues (expenses)	<u>489</u>	<u>1,571</u>
 <b>NET INCOME (LOSS)</b>	<u>(58,737)</u>	<u>(21,060)</u>
 <b>RETAINED EARNINGS - Beginning of year</b>	<u>1,691,317</u>	<u>1,712,377</u>
 <b>RETAINED EARNINGS - End of year</b>	<u><u>\$ 1,632,580</u></u>	<u><u>\$ 1,691,317</u></u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS - WATER DISTRICT #1 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 39,883	\$ 32,033
Cash payments for goods and services	<u>(72,957)</u>	<u>(14,035)</u>
Net cash from operating activities	<u>(33,074)</u>	<u>17,998</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Intergovernmental receivable	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Special assessment installments collected	(3,674)	-
Principal payments	-	-
Interest payments	-	-
Purchases of capital assets	<u>-</u>	<u>-</u>
Net cash from capital and related financing activities	<u>(3,674)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Receipt of interest	489	1,571
Proceeds from investments	-	-
Purchase of investments	<u>-</u>	<u>-</u>
Net cash from investing activities	<u>489</u>	<u>1,571</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(36,259)</b>	<b>19,569</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b><u>89,959</u></b>	<b><u>70,390</u></b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b><u>\$ 53,700</u></b>	<b><u>\$ 89,959</u></b>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**STATEMENT OF CASH FLOWS - Continued**  
**PROPRIETARY FUNDS - WATER DISTRICT #1 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
A reconciliation of income from operations to net cash from operating activities is as follows:		
 CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (59,226)	\$ (22,631)
Adjustments to reconcile operating income to net cash from operating activities -		
Depreciation	35,843	35,774
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(651)	(369)
Due from other funds	149	9,374
(Decrease) increase in liabilities:		
Accounts payable	(1,122)	584
Due to other funds	872	(4,785)
Due to other governments	-	-
Deferred revenue	<u>(8,939)</u>	<u>51</u>
 Net cash from operating activities	 <u>\$ (33,074)</u>	 <u>\$ 17,998</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**

**FIDUCIARY FUND FINANCIAL STATEMENTS**

PENSION TRUST FUND BALANCE SHEET

PENSION TRUST FUND STATEMENT OF CHANGES IN ET ASSETS

AGENCY FUND COMBINING BALANCE SHEET

AGENCY FUND SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

**NAPOLEON TOWNSHIP**  
**PENSION TRUST FUND**  
**BALANCE SHEET**  
**JUNE 30, 2004**  
 (With comparative totals from June 30, 2003)

	<u>2004</u>	<u>2003</u>
ASSETS -		
Investments	<u>\$ 1,329,291</u>	<u>\$ 1,137,337</u>
 FUND EQUITY -		
Reserved	<u>\$ 1,329,291</u>	<u>\$ 1,137,337</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**PENSION TRUST FUND**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30 2004**  
(With comparative totals from the year ended June 30, 2003)

	<u>2004</u>	<u>2003</u>
OPERATING REVENUES:		
Investment income	\$ 152,923	\$ 53,051
Employee contributions	23,798	23,609
Employer contributions	32,420	32,214
Total operating revenues	<u>209,141</u>	<u>108,874</u>
OPERATING EXPENSES:		
Asset management fees	13,085	11,014
Employee withdrawals	4,102	8,583
Total operating expenses	<u>17,187</u>	<u>19,597</u>
NET INCOME	191,954	89,277
FUND BALANCE - Beginning of year	<u>1,137,337</u>	<u>1,048,060</u>
FUND BALANCE - End of year	<u>\$ 1,329,291</u>	<u>\$ 1,137,337</u>

The notes to the financial statements are an integral part of this statement.



**NAPOLEON TOWNSHIP**  
**AGENCY FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2004**  
(With comparative totals from June 30, 2003)

	TRUST AND AGENCY	CURRENT TAX	TOTALS	
			2004	2003
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 23,688	\$ 2,725	\$ 26,413	\$ 23,448
Due from other funds	1	-	1	-
Due from other governments	-	8,157	8,157	-
Total assets	<u>\$ 23,689</u>	<u>\$ 10,882</u>	<u>\$ 34,571</u>	<u>\$ 23,448</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ 130	\$ -	\$ 130	\$ 427
Due to other funds	-	4,626	4,626	-
Due to others	23,559	-	23,559	10,298
Due to other governments	-	6,256	6,256	5,785
Deferred revenue	-	-	-	6,938
	<u>\$ 23,689</u>	<u>\$ 10,882</u>	<u>\$ 34,571</u>	<u>\$ 23,448</u>

The notes to the financial statements are an integral part of this statement.

**NAPOLEON TOWNSHIP**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	TRUST AND AGENCY FUND			
	BALANCE 7/1/03	COLLECTIONS	PAYMENTS	BALANCE 6/30/04
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 17,663	\$ 96,866	\$ 90,841	\$ 23,688
Due from other funds	-	1	-	1
Due from other governments	-	-	-	-
Total assets	<u>\$ 17,663</u>	<u>\$ 96,867</u>	<u>\$ 90,841</u>	<u>\$ 23,689</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ 427	\$ -	\$ 297	\$ 130
Due to other funds	-	-	-	-
Due to others	-	1,806	1,806	-
Due to other governments	10,298	95,061	81,800	23,559
Deferred revenue	6,938	-	6,938	-
	<u>\$ 17,663</u>	<u>\$ 96,867</u>	<u>\$ 90,841</u>	<u>\$ 23,689</u>

The notes to the financial statements are an integral part of this statement.

CURRENT TAX FUND

BALANCE 7/1/03	COLLECTIONS	PAYMENTS	BALANCE 6/30/04
\$ 5,785	\$ 6,607,531	\$ 6,610,591	\$ 2,725
-	-	-	-
-	8,157	-	8,157
\$ 5,785	\$ 6,615,688	\$ 6,610,591	\$ 10,882

\$ -	\$ -	\$ -	\$ -
-	817,981	813,355	4,626
-	-	-	-
5,785	5,797,707	5,797,236	6,256
-	-	-	-
\$ 5,785	\$ 6,615,688	\$ 6,610,591	\$ 10,882

**NAPOLEON TOWNSHIP**  
**SCHEDULES OF PRINCIPAL AND INTEREST REQUIREMENTS**

**GENERAL OBLIGATION BONDS PAYABLE:**

NAPOLEON TOWNSHIP MUNICIPAL BUILDING BONDS - \$3,215,000

**CAPITAL LEASES PAYABLE:**

JACKSON COUNTY SANITARY SEWAGE DISPOSAL SYSTEM NO. 9 - \$400,000

JACKSON COUNTY WASTEWATER DISPOSAL FACILITY  
NAPOLEON VILLAGE SECTION) - \$1,125,000

JACKSON COUNTY WASTEWATER DISPOSAL FACILITY  
Lake Section - 76.73% of Total) - \$3,759,770

**NAPOLEON TOWNSHIP**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**NAPOLEON TOWNSHIP MUNICIPAL BUILDING**  
**BONDS - DATED SEPTEMBER 1, 2000 (\$3,215,000)**  
**AS OF JUNE 30, 2004**

PAYMENT DATE	PRINCIPAL DUE	INTEREST RATE	INTEREST DUE	TOTAL PAYMENT	FISCAL YEAR TOAL
11/01/03			\$ 78,756	\$ 78,756	
05/01/04	\$ 50,000	7.00%	78,756	128,756	\$ 207,512
11/01/04			77,006	77,006	
05/01/05	100,000	7.00%	77,006	177,006	254,012
11/01/05			73,506	73,506	
05/01/06	115,000	7.00%	73,506	188,506	262,012
11/01/06			69,482	69,482	
05/01/07	125,000	6.00%	69,482	194,482	263,964
11/01/07			65,731	65,731	
05/01/08	150,000	5.05%	65,731	215,731	281,462
11/01/08			61,944	61,944	
05/01/09	150,000	5.10%	61,944	211,944	273,888
11/01/09			58,119	58,119	
05/01/10	150,000	5.20%	58,119	208,119	266,238
11/01/10			54,219	54,219	
05/01/11	175,000	5.30%	54,219	229,219	283,438
11/01/11			49,581	49,581	
05/01/12	175,000	6.00%	49,581	224,581	274,162
11/01/12			44,331	44,331	
05/01/13	200,000	5.05%	44,331	244,331	288,662
11/01/13			39,282	39,282	
05/01/14	200,000	5.10%	39,282	239,282	278,564
11/01/14			34,181	34,181	
05/01/15	200,000	5.20%	34,181	234,181	268,362
11/01/15			28,981	28,981	
05/01/16	225,000	5.30%	28,981	253,981	282,962
11/01/16			23,019	23,019	
05/01/17	225,000	5.35%	23,019	248,019	271,038
11/01/17			17,000	17,000	
05/01/18	250,000	4.00%	17,000	267,000	284,000
11/01/18			12,000	12,000	
05/01/19	275,000	4.00%	12,000	287,000	299,000
11/01/19			6,500	6,500	
05/01/20	325,000	4.00%	6,500	331,500	338,000
	<u>\$ 3,090,000</u>		<u>\$ 1,587,276</u>	<u>\$ 4,677,276</u>	<u>\$ 4,677,276</u>

**NAPOLEON TOWNSHIP**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**JACKSON COUNTY SANITARY SEWAGE DISPOSAL**  
**SYSTEM - SYSTEM NO. 9 (NAPOLEON TWP.) - \$400,000**  
**AS OF JUNE 30, 2004**

PAYMENT DATE	PRINCIPAL DUE	INTEREST RATE	INTEREST DUE	TOTAL PAYMENT	FISCAL YEAR TOAL
11/01/03	\$ 20,000	7.50%	\$ 750	\$ 20,750	\$ 20,750
	<u>\$ 20,000</u>		<u>\$ 750</u>	<u>\$ 20,750</u>	<u>\$ 20,750</u>

**NAPOLEON TOWNSHIP**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**JACKSON COUNTY WASTEWATER DISPOSAL FACILITY**  
**(NAPOLEON VILLAGE SECTION) BONDS DATED JULY 1, 2001 (\$1,125,000)**  
**AS OF JUNE 30, 2004**

PAYMENT DATE	PRINCIPAL DUE	INTEREST RATE	INTEREST DUE	TOTAL PAYMENT	FISCAL YEAR TOAL
11/01/03			\$ 25,769	\$ 25,769	
05/01/04	\$ 25,000	6.75%	25,769	50,769	\$ 76,538
11/01/04			24,925	24,925	
05/01/05	50,000	6.75%	24,925	74,925	99,850
11/01/05			23,238	23,238	
05/01/06	50,000	6.13%	23,238	73,238	96,476
11/01/06			21,706	21,706	
05/01/07	50,000	3.80%	21,706	71,706	93,412
11/01/07			20,756	20,756	
05/01/08	50,000	4.00%	20,756	70,756	91,512
11/01/08			19,756	19,756	
05/01/09	50,000	4.10%	19,756	69,756	89,512
11/01/09			18,731	18,731	
05/01/10	50,000	4.20%	18,731	68,731	87,462
11/01/10			17,681	17,681	
05/01/11	75,000	4.30%	17,681	92,681	110,362
11/01/11			16,069	16,069	
05/01/12	75,000	4.40%	16,069	91,069	107,138
11/01/12			14,419	14,419	
05/01/13	75,000	4.50%	14,419	89,419	103,838
11/01/13			12,731	12,731	
05/01/14	75,000	4.60%	12,731	87,731	100,462
11/01/14			11,006	11,006	
05/01/15	75,000	4.70%	11,006	86,006	97,012
11/01/15			9,244	9,244	
05/01/16	75,000	4.80%	9,244	84,244	93,488
11/01/16			7,444	7,444	
05/01/17	75,000	4.85%	7,444	82,444	89,888
11/01/17			5,625	5,625	
05/01/18	75,000	5.00%	5,625	80,625	86,250
11/01/18			3,750	3,750	
05/01/19	75,000	5.00%	3,750	78,750	82,500
11/01/19			1,875	1,875	
05/01/20	75,000	5.00%	1,875	76,875	78,750
	<u>\$ 1,075,000</u>		<u>\$ 509,450</u>	<u>\$ 1,584,450</u>	<u>\$ 1,584,450</u>

**NAPOLEON TOWNSHIP**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**JACKSON COUNTY WASTEWATER DISPOSAL FACILITY**  
**(WOLF LAKE SECTION) BONDS DATED JULY 1, 2001 (\$4,900,000)**  
**(NAPOLEON TOWNSHIP PORTION ONLY - 76.73% OF TOTAL)**  
**AS OF JUNE 30, 2004**

PAYMENT DATE	PRINCIPAL DUE	INTEREST RATE	INTEREST DUE	TOTAL PAYMENT	FISCAL YEAR TOAL
10/01/03	\$ 153,460	6.75%	\$ 96,824	\$ 250,284	
04/01/04			92,603	92,603	\$ 342,887
10/01/04	191,825	6.75%	92,604	284,429	
04/01/05			87,424	87,424	371,853
10/01/05	191,825	6.75%	87,424	279,249	
04/01/06			82,197	82,197	361,446
10/01/06	191,825	6.13%	82,197	274,022	
04/01/07			76,922	76,922	350,944
10/01/07	191,825	3.80%	76,922	268,747	
04/01/08			71,647	71,647	340,394
10/01/08	191,825	4.00%	71,647	263,472	
04/01/09			66,275	66,275	329,747
10/01/09	191,825	4.10%	66,276	258,101	
04/01/10			61,048	61,048	319,149
10/01/10	211,007	4.20%	61,048	272,055	
04/01/11			55,246	55,246	327,301
10/01/11	211,008	4.30%	55,245	266,253	
04/01/12			49,548	49,548	315,801
10/01/12	211,007	4.40%	49,549	260,556	
04/01/13			43,746	43,746	304,302
10/01/13	211,008	4.50%	43,745	254,753	
04/01/14			37,943	37,943	292,696
10/01/14	211,007	4.60%	37,943	248,950	
04/01/15			32,035	32,035	280,985
10/01/15	211,008	4.70%	32,035	243,043	
04/01/16			26,126	26,126	269,169
10/01/16	230,190	4.80%	26,127	256,317	
04/01/17			19,681	19,681	275,998
10/01/17	230,190	4.85%	19,681	249,871	
04/01/18			13,121	13,121	262,992
10/01/18	230,190	5.00%	13,121	243,311	
04/01/19			6,560	6,560	249,871
10/01/19	230,190	5.00%	6,560	236,750	236,750
	<u>\$ 3,491,215</u>		<u>\$ 1,741,070</u>	<u>\$ 5,232,285</u>	<u>\$ 5,232,285</u>